The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Grant Missionary Demands But Restrict Businessmen

ARTICLES IN THIS ISSUE

Tokyo Goes Back to Hollywood—Orders 200 Pictures!

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Gloomy Situation for China's and Japan's Armies

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TOKYO GOES BACK TO HOLLYWOOD ORDERS 200 PICTURES!

THERE was a dramatic element involved in Japan's decision to "return to Hollywood" which was not indicated in the brief item sent here by *Domei* indicating Japan's decision to end the 9-months' "drought" in American pictures. It was late last fall, after the beginning of the war, that the Japanese decided to dispense with American movies. The announced reason was to prevent "flight of capital," otherwise the remitting of money from Japan. There was, however, a deeper reason—a plan evolved by reactionary military elements to wean the Japanese people away from American pictures and other forms of "culture" in favor of made-in-Japan films, or films produced in Germany, or by Germans in Japan. Several Italian-made films were also displayed in Japan in the attempt to eliminate American movies.

From the standpoint of Japan's broken contact with American "culture," there was the report published in these columns last week telling of Gen. Kazushige Ugaki's plan to open a Japanese "Culture Bureau" in New York for the purpose of enlightening the Americans on the "true worth of Japan." In this connection the Japanese have dispatched two well-known "good-will" envoys to the United States, Count Aisuke Kabayama, head of the International Culture Bureau, semi-official off-shoot of the Foreign Office, and Yusuke Tsurumi, member of the Minseito Party in the Diet and well known publicist. Tsurumi, who has been a familiar figure at the conferences of the Institute of Pacific Relations, will stage a series of round-table talks with American editors, college professors and other leaders of public thought with the object of "removing misunderstandings on the part of Americans resulting from the Sino-Japanese hostilities." As for Count Kabayama, he will have charge of the "Culture Bureau" in New York, particularly the new Japanese library which is to be opened in Rockefeller Center.

Behind the new Japanese propaganda drive is a plan to borrow large sums of American money for the purpose of carrying out Japan's various development schemes in Manchuria, North and Central China, and in consolidating Japan's political and economic control over this country.

Aside from the recent creation of a "news agency accord" whereby Japan, Germany and Italy exchange cabled news reports, which include extensive accounts of the doings of the Spanish General Franco widely distributed in China through *Domei*, greatest interest was centered in the attempt of the military factions to create an "anti-comintern film-accord" between Japan-Germany-Italy. According to a *Domei* report on May 30, a film accord concluded between Japan and Germany a year ago was now being broadened to include a similar accord with the National Cinematograph Institute of Italy. The negotiations were conducted through the Japanese International Culture Bureau, which is now opening a propaganda "cell" in New York.

But Japan's contact with Nazi cinema interests began three years ago when German actors and directors assisted the Japanese in producing "New Earth," a propaganda film linking Japan-Manchukuo and Germany. Now a more ambitious scheme is afoot in the production of another film entitled "The People's Pledge," wherein several German actors and producers will cooperate with Japanese technicians and artists. Leading German artist participating in the enterprise is W. Loe-Bagier, or Wolfgang Bager, as he is known in Japan. Bagier, who is now in China looking for material to use in the Japanese picture, stated in the course of an interview in the *Evening Post* that a further Japanese picture known as "The Sacred Goal" is also to be produced. It was rumored that Bagier's trip to China was for the purpose of inducing some of China's leading actors and actresses to go to Japan to participate in the new picture.

The extensive use of moving-picture plays for propaganda purposes in Japan was indicated in the recent completion of the elaborate film "The Way to Orient Peace," which makes extensive use of Chinese actors taken to Japan from Peiping. This picture, produced largely in the Chinese language, is to be exhibited not only in China and Japan but also in the United States and Europe, through the branches of the Culture Bureau. According to reports in the Japanese papers the film was designed to enable Chinese and others "to grasp the significance of Sino-Japanese hostilities and comprehend the true motives of Japan's actions in China as the way to lasting peace in the Far East." The picture was largely based at the town of Tatung, Mongolian outpost on the Peiping-Suiyuan Railway in northern Shansi, where views of the Great Wall, caves containing gigantic stone images of Buddha, granite precipices and other scenery were taken by Japanese cameramen. Chang Mee-sheng, former professor in Huapei University at Peiping, collaborated with the Japanese director Jukichi Suzuki. Other Chinese who participated in the picture included Sui Tseng, graduate of Peiping Art College, Pai Kwang, Peiping actress noted for her beauty, and the actresses Li Ming, Li Fei-u, Chun Chu-feng and Chang Sha-zu. The picture deals with a Chinese farming couple, driven from their homes by the war, who find, through Japanese agencies, "lasting peace and happiness." Following the outbreak of hostilities the couple fled south to avoid the Japanese army, but accidentally fell into the hands of Japanese soldiers who . . . treated them kindly and assisted them in rehabilitating themselves after the termination of the conflict. There is much zooming of Japanese planes and distribution of Japanese leaflets over the countryside telling of "victories after victories."

According to *Osaka Mainichi* (April 9) the Japanese are planning the production of a further propaganda film which will be financed to the extent of Y.1,000,000 by the Manchukuo Government. This picture will follow the theme of "New Earth," in that it will emphasize the idea of Sino-Manchukuo-Japanese amity "based upon historic facts of the last 1,200 years." According to the report, the picture will be produced in cooperation with the New Tokyo cabinet information department and the new puppet governments in Peiping and Nanking. The picture will utilize the "pick of screen talent in Japan, Manchukuo and China," and will deal chiefly with the period of 1200 years ago at the time of the Nara dynasty in Japan and the state of Pechili of the Tang period.

Of special interest to owners of Chinese and foreign moving picture houses in China was a further report in the *Mainichi* quoting a War Office spokesman as advocating the establishment of a string of Japanese controlled theaters in China which would show Japanese pictures to Chinese audiences. It was stated that the Japanese military authorities are already exhibiting some 100 Japanese-made pictures "free of charge" in China. Prof. Chang Mee-sheng of Huapei University was also quoted in this connection as urging the Japanese to employ Chinese actors in the production of "amity" pictures. He was sure that such pictures "would not only be of significance, but also would be financially successful."

Japanese Army Grants Some Missionary Demands But Tightens Up on Businessmen

EVEN as we were urging foreign Powers to call Japan's bluff in China, Secretary of State Cordell Hull on June 2 addressed to Tokyo a sharp note demanding the immediate re-opening of the interior to foreign missionaries and traders and the return to its owners of all property held by the Japanese armed forces.

In a strong note President Roosevelt's most trusted cabinet officer said:

"The problem of enabling American citizens to re-enter and possess their properties, whence they have been excluded by the Japanese military, and of which the Japanese military have been and, in some cases, still are in occupation, is giving the Government of the United States increasing concern.

"It is difficult to perceive a warrant for the continued placing, by the Japanese authorities, of obstacles in the way of the return to their properties by Americans who have legitimate reasons for proceeding to the areas in question . . . .

"My Government is confident that the Japanese Government cannot but concede that infringement of and interference with American rights in China by the Japanese authorities involved in the situation to which attention is herein brought are contary to the repeated assurances by the Japanese Government that American rights will be respected.

"My Government is confident that the Japanese Government will take immediate steps, in keeping with such assurances, to cause the return of the premises of the Shanghai University and other American property, under occupation by the Japanese forces, to their rightful owners.

"Further, that the Japanese Government will order the removal of obstructions interposed by the Japanese authorities in China against the return of American nationals to places such as those mentioned in areas under Japanese military occupation".

The effect of the note on the foreign community in China was electric. While American business and religious leaders expected the protest to be an "Open, Sesame" to the securely locked interior, other foreign groups hopefully awaited similar stern action by their own Governments. Both were doomed to immediate disillusionment.

To be sure, about a score of the 300 and more Americans waiting in Shanghai for a permission to travel inland were graciously given the required passes. But such permits were issued almost exclusively to missionaries, and often were limited to ten days or a fortnight. Businessmen, —as far as could be gathered in the face of general secretiveness,—are today in exactly the same unenviable position they were in a month ago.

The Japanese authorities had magnanimously agreed to return the University of Shanghai to its rightful owners, after repeated attempts to purchase the property. The Southern Baptist Mission school in Chapei, almost within sight of these offices, was also restored to the Mission *seven months after all Chinese troops had left Chapei.* A bid was made by the Japanese for the purchase of the Kiangwan Race Course (in which Americans and other foreigners are interested) for a fraction of its value. Fearing seizure the foreigners accepted.

It must be realized, however, that all this display of fairness and goodwill was a bone tossed to the angry foreign dog to keep it from biting the Japanese armed visitor to this once prosperous land.

As we have shown previously, the Japanese have perfected an elaborate and a comprehensive system for strangling foreign business in China. The system, operated by the Special Service Sections of the Army and the Navy, works through the medium of unsurmountable barriers to travel, residence, movement of ships and goods, and trade. These restrictions are buttressed by the intimidation of Chinese agents and customers and by overwhelming advantages granted to Army-backed Japanese enterprises.

Permission granted by the S.S.S. to a few missionaries to return to their stations and minister to the needs of the distressed Chinese people or the as-yet-unfulfilled promise to return the University of Shanghai does not change the situation by an iota.

Foreign businessmen are still kept within the confines of a few major ports. Foreign vessels still lack permission to navigate the Yangtsze because of various dangers which do not appear to affect Japanese shipping. Foreign goods continue to rot in local warehouses, while Nippon-made commodities pour into the interior. And the unholy coalition of Big Businessmen, Generals and Politicians in Tokyo continues to draft plans for new and bigger monopolies in China.

In one week, between June 7 and 14, newspapers here and in Japan reported the impending establishment of two monopolies directly affecting foreign investors and the virtual confiscation of yet another Chinese industry.

A *Domei* report announced that 20 leading Japanese power companies agreed on the creation of a power and waterworks concern in Central China. The participation of the projected semi-official Central China Development Company in the enterprise will, of course, lend the latter an official standing and assure it of Japanese military support in any dispute with foreign or Chinese interests.

The Company, which will have its headquarters here, will operate all power plants and waterworks in the Japanese-occupied area in Central China. This, of course, effectively shuts the

area to foreing investors or to the manufacturers of power and waterworks machinery, who would have been able to sell their goods here had the "Open Door" principle been a reality and not a piously mouthed fiction.

The treatment accorded to the Chinese participants in this "Sino-Japanese" enterprise is worthy of note. Of the new concern's capitalization of Y.25,000,000, the Chinese will contribute Y.15,000,000 in the form of their power plants and waterworks. In return, they will be given one seat on the board of directors. The Japanese, who will give Y.10,000,000, will have two seats. The President and the Vice-President of the company will, of course, be Japanese.

Another monopoly, particularly menacing to American and German interests, will be maintained by the projected New China Pharmaceutical Company, to be established in Peiping next month. Created at the behest of the Army (according to the *Tokyo Chugai Shogyo*), it will manufacture, import and sell medical supplies. Monopolizing at first the North China market, it will later extend its operations to the Yangtsze Valley. The shareholders of the new enterprise are the Oki Gomei Kaisha and the Yamakawa Pharmaceutical Company.

Finishing touches were also put during the week upon the transfer of Central China's silk reeling industry into Japanese hands. Unbeknown to the world without, a Y.3,000,000 Sino-Japanese Silk Guild, exercising a monopoly over the silk industry, has been in existence in Shanghai for some time. The guild, newspapers in Japan belatedly reported, will control filatures in Wusih, Soochow, Hangchow and Shanghai.

The organ, it was further revealed, is guided by the Japanese Army, the Reformed Government, the Ministry of Agriculture and Forestry in Tokyo, and the Central Japanese Raw Silk Association.

Ready to start work were said to be 15 of the 49 filatures in Wusih, three filatures in Soochow, one in Hangchow and two here. Their opening, *Domei* reported, awaited the acceptance of the Japanese "conditions" by the Chinese owners. The filatures in each city will be "farmed out" to individual Japanese companies by the omnipotent Guild.

Here, again, the Japanese monopoly will effectively exclude foreign investors from the field. Foreign manufactures of reeling equipment will also stand a scanty chance of selling their machinery to the Japanese-controlled filatures.

What lies ahead for the foreign trader in this country was foreshadowed by the Customs tariff put in effect in the Japanese-occupied areas on June 1.

For the first three months of 1937, Shanghai's trade with its four major customers was as follows:

	Jan-March 1937 (in. Y1,000)	*Rate of gain over preceding year*
Imports from		
Japan	50,790	58.7%
Britain	31,880	21.4%
United States	54,710	35.4%
Germany	38,310	10.8%
Exports to		
Japan	35,260	59.3%
Britain	16,150	64.0%
United States	74,690	37.2%
Germany	16,320	63.0%

This table, issued by the Japanese commercial commissioner here, indicates that even while the Japanese Army was relentlessly pursuing its machinations in Inner Mongolia and North China, Nipponese traders continued to hold their own, if not excel their competitors, in the Central China market.

In this, of course, Japan was aided by the cheapness of her goods, by her proximity to China, and by the general excellence of her distributing machinery in this country.

But Japan was not content with these important advantages and gains. She wanted "the whole pie". This pie she has now taken by enforcing the new tariff schedule, which to all intents and purposes converts the Japanese-occupied areas in China into another "Manchukuo".

The former tariff was revised very cunningly. Rates were drastically slashed all along the line, from gasoline to oranges. These reductions, very obviously, were designed to still foreign protests against Japanese economic domination. Simultaneously, however, the rates on Nippon-made commodities were cut to the point where they were entering China practically duty-free.

The sharpest reductions were made in the rates on Japanese-produced textiles and marine goods. Nippon-manufactured beer and cement were similarly favored. Mining machinery needed by the projected Central China Development Company, as well as various equipment for iron works and steel foundries are to enter the Japanese-controlled territory free of duty. But perhaps the most cynical feature of the tariff was the transfer of Chinese raw cotton to the duty-free export list. Thus, Japan laid the foundation for transforming China into a vast plantation, supplying cheap cotton to the textile mills of Osaka.

While Japanese spokesmen here insisted the new tariff was "fair and equitable" and was drafted "independently" by the new Nanking regime, newspapers in Japan frankly admitted the new tariff was a boon to Nipponese trade.

The tariff "reforms", the *Tokyo Nichi-Nichi* said, "foreshadow an advance of Nippon-made

goods in the China market." Commodities expected by the daily to pour into China in an endless stream included cotton cloth, yarn, woolen and rayon textiles and marine products.

The former 25 per cent ad valorem duty on grey cotton cloth, it must be noted, has now been lowered to 10 per cent. The duty on bleached and printed cloth was cut from 35 to 10 and 12.5 per cent. The 40 per cent rate on woolens has been reduced to 25 per cent, and the duty on rayon textiles slashed from 80 to 35-45 per cent. The tariff on marine products has been halved.

"Japan", said the daily, "attaches the greatest significance to the future active shipments of its exports of cotton and rayon textiles to China, as a result of the tariff revision.

"Since the National Government raised the high tariff on imports on Japanese cotton products in 1934 (*See the effect of this tariff on Nipponese goods in the table above*), Japanese traders have directed their attention to other overseas markets and expanded their trade sphere by their hard work.

"However, Japan's market in the Dutch East Indies, Egypt and other countries where the Japanese had expanded their sephere of interest has begun to ebb of late.

"China's tariff reform at this moment is very significant. Japan intends to restore its great market in China as a result of the tariff revision

Even if Japanese exports to other countries fall, traders can make good their loss with increased shipments to North and Central China, one of the greatest consuming centers of the world

"

If the temporary tariff is expected by the Japanese to keep their industries humming despite a depression elsewhere in the world, what will be the consequences of the permanent tariff now being drafted by experts in Tokyo?

In forcing through the revised tariff schedule, Japan had scored an important victory over her commercial rivals. In her maneuver, she apparently acted with the acquiescence of Great Britain, which is following a conciliatory policy. Such a policy at this time is extremely dangerous, for it encourages Japan to take new steps designed to push foreign business out of China.

What is needed at present is an unyielding insistence on a rigid recognition of foreign rights and a complete respect for foreign interests. Such an attitude was adopted by Secretary Hull in his note of June 2. An even sterner stand must be taken in the future,—*and it must be taken by all the interested Powers in concert*,—if foreign interests in China are to escape strangulation at the hands of the Japanese Army.

OCCUPATION OF AMOY MENACES THE WORLD'S SHIPPING

It is only necessary to mention the destruction of the palatial American liner President Hoover on a reef off the east coast of Formosa to indicate the dangerous nature of navigation on the east side of this Japanese island. Under ordinary conditions all coastal and world shipping takes the channel between Formosa and the mainland. The channel, known as Formosa Strait, ranges from 100 to 150 miles in width, that is from the China mainland to Formosa island proper. But measured from Quemoy, or Chinmen Island, east of Amoy, which the Japanese also have seized, to the Pescadores Islands, where the Japanese navy has developed a fortified base at the port of Makung, the distance probably is reduced to half, possibly fifty miles.

Japanese submarines based at Amoy or Makung could easily close the Formosan Strait to either commercial shipping or naval vessels of another Power. The Pescadores are off the southwest point of Formosa.

SOUTHWARD ADVANCE

Chicago Tribune Map

The adjoining map, showing Japan's "southward advance" indicates the dangers to world shipping interests involved in Japan's seizure of the port of Amoy. Her seizure of the important Quemoy Island, 20-miles east of Amoy, took place at about the same time. A *Domei* message on June 14 stated it was one of the two keys to the Strait, the other being the Makung naval base which the Japanese secretly fortified in violation of the Naval Treaty.

The *China Mail*, British paper at Hongkong, charged (June 8) that Japan planned to convert Amoy into a modern naval base as she had done the Pescadores and Formosa. Huge docks to accommodate cruisers are shortly to be built, according to the British report.

GINSBOURG LEAVES DOMEI TO JOIN THE CHINA PRESS

Mark J. Ginsbourg, an honor graduate of the Columbia University School of Journalism and the holder of a traveling fellowship from that institution, has resigned his position with the *Domei* News Agency to accept the city editorship of *The China Press*. Mr. Ginsbourg has been Editor of the Japanese service since 1934, when he completed his course at Columbia. Mr. Ginsbourg is also correspondent in China for *The Washington Post*, one of the best known newspapers in the United States.

Japanese Press Becomes Hysterical Over Alleged Sino-French Understanding

VISIT of the French Ambassador, Paul Naggiar, to Hankow has aroused a hornet's nest of angry comment and sensational allegations in the Japanese newspapers. The announced purpose of Mr. Naggiar's trip to Hankow was to inspect conditions in the French Concession in that city, but the visit at this time, on the eve of the Japanese drive on the Central China metropolis, plus some other circumstances have stirred the controlled newspapers of Japan into a frenzy of attacks on France and French policy in the Far East.

Some of the Japanese newspapers, the *Kokumin*, for instance, even went to the extent of issuing a "stern warning" to France with a demand that the French Government abandon its "outrageous attitude." The *Chugai Shogyo*, after referring to alleged French help to China in the form of munitions shipments, declared that French aid to China was tantamount to aiding Russia in her attempts to bolshevize China.

Under a sensational six-column headline, the Tokyo *Yomiuri* alleged the early conclusion of a Sino-French non-aggression pact to the following effect:

1. Construction of a railway linking French Indo-China with Kwangsi through Yunnan;
2. Supply of French arms and military advisers to China;
3. Grant of special mining concessions in Yunnan, Kwangsi, and Szechuan to French interests, and of extensive rights in other parts of South China, with Kwangchow Bay as the center.

The paper attributed French assistance to China to secret encouragement received from Great Britain and Soviet Russia, and also to a French desire to acquire valuable concessions in China.

A conversation in Hongkong between Ambassador Naggiar and T. V. Soong, reported in exaggerated manner in the Tokyo newspapers, was responsible for the original allegations in the Japanese press of an alleged Sino-French understanding. But Japanese anxieties on the subject were further aggravated by reports from Paris telling of the formation of a China "bloc" in the French Parliament and the dispatch of strong protests from various influential organizations in France to Tokyo over the killing of thousands of non-combatants by Japanese bombers at Canton.

Ambassador Naggiar arrived at Hankow on Monday morning and immediately had a two-hour conversation with Dr. H. H. Kung, chairman of the Executive Yuan and Minister of Finance. It was reported that the subject of the conversation concerned Sino-French relations, a timely subject in view of current reports of China's intention to remove the seat of government from Chungking on the Upper Yangtsze to Kunming, capital of Yunnan, both within the "sphere" of French influence radiating from the colony of Indo-China. Mr. Naggiar also had a long interview with Dr. Wang Chung-hui. The Japanese press reports also made much of the fact that the French Ambassador was accompanied on his trip to Hankow by Col. L. Perretier, Commander of the French forces at Shanghai, and Commandant de la Forte Senectere, French Air attache.

In an editorial welcoming the French Ambassador's visit, the *Ta Kung Pao*, Hankow, appealed to France to assist China. The paper recalled, firstly, the "French people's traditional spirit of chivalry and love of liberty," and secondly, the "fundamental French policy of collective security to safeguard her interests against aggression." The editorial expressed the hope that the visit of M. Naggiar would strengthen Sino-French friendship and co-operation in the joint efforts of the two countries to uphold peace and democracy.

Declaring that France was adopting a neutral attitude in the China hostilities, Lieut-Col. G. Sabattie, French military attache in China, en route from Japan to Paris, said it was true that arms and ammunition were being exported from France to China. However, he explained that the supplies were being sent not by the French Government, but by private merchants, "who have no other intention than to make a good profit from the exports."

Sino-Soviet Military Pact

The recent visit to Moscow of Sun Fo, President of the Legislative Yuan, also aroused much speculation both in European capitals and in Japan. While the exact mission of Sun's second visit has not been announced it was generally believed to be of considerable importance.

Rumors were circulated in Tokyo to the effect that Sun's visit had resulted in the conclusion of a Sino-Soviet military pact. The Japanese official *Domei* news agency alleged that the pact contained the following terms:

1. Joint defence of China and Soviet Union;
2. Supply of arms and ammunitions to the Chinese Red Army and Chinese guerillas;
3. Recognition by the Chinese Government the special rights of Soviet Russia in Sinkiang (Chinese Turkestan), Ninghsia, and Chinghai (Kokonor);
4. Building of railways linking China and Soviet Russia;
5. Appointment of Soviet adviser to Chairman of the National Government; and
6. Improvement of administrative organs of the National Government in accordance with suggestions of Moscow.

Reports from London stated that the Soviet Union promised to continue sending aircraft and war materials to China but rejected the suggestion made by Sun Fo to return Outer Mongolia to China and permit the Mongolians to attack the Japanese forces from the north. Mr. Sun is now on his way back to China by way of France.

The reported conclusion of a new pact between China and Soviet Russia was denied in Hankow. A Foreign Office spokesman pointed out that the non-aggression pact concluded between the countries on August 21, 1937, would not expire before 1942, so that a prolongation of the pact was unnecessary at present. Referring to the allegation by the *London Times* that Soviet Russian influence in China "has steadily increased," the spokesman declared the allegation was absurd and emphasized that Soviet propaganda was still officially forbidden in China. He also denied that Russian volunteers trained in Outer Mongolia had been enlisted in the Chinese Eighth Route Army.

Ugaki Formulating New Policy

Gen. Kazushige Ugaki, Japan's Foreign Minister, is still faced with the task of working out a new foreign policy. In a recent press interview, he declared that the "China Incident" had entered into a protracted war and it was necessary to complete the wartime system in politics, economics and diplomacy. How to unify and strengthen diplomatic structure was, he said, still being studied and no decision had been reached. In view of the importance of China diplomacy over all other diplomatic policies he said he was planning to organize a "Brain trust" consisting of qualified persons in various unofficial organizations to advise him in formulating a China policy.

Referring to his attitude toward foreign countries Gen. Ugaki stated that the Powers would rectify their appraisal of Japan, when they had discovered that Japan would remain unshaken for three years, five

years or even 10 years. Of course, he added, it was unnecessary for Japan to deliberately "pick-up" trouble with the Powers.

Commenting on Gen. Ugaki's remarks, the Tokyo *Asahi Shimbun* declared that so long as the Chiang Kai-shek regime depended on Britian and Soviet Russia for support in its campaign of prolonged resistance Japan would be in delicate relation with these Powers. But, the paper added, if the Powers could "understand" Japan, she would be willing to co-operate with them. The paper urged that the new Foreign Minister should stringthen Japan's co-operation with Germany and Italy.

"Full Exploitation"

Lt.—Gen. S. Itagaki, Japan's new War Minister, who was defeated in the Taierchwang battle last April, urged that measures in connection with the China situation taken by the Japanese Government should be "based on realities, aiming at the exploitation of the full force of Japanese victories in China." Diplomatic and economic measures, he emphasized, should parallel military activities.

Lt.-Gen. Itagaki held a conference with Premier Prince Konoye on the China situation. He also brought up various domestic issues, indicating measures which he wished to enforce at home which would lead to a swifter disposal of the "China Incident."

The Tokyo *Asahi Shimbun* declared that the proposed central organ for unifying and making more efficient Japan's national policies regarding China should embrace all matters, including economics, diplomacy and culture. The journal suggested Prince Konoye as President of the proposed organization and Gen. Ugaki as Vice-President. In China, the paper declared, the supreme Commander-in-Chief of the Japanese forces should concurrently head the central organization as long as the maintenance of peace and order were a vital necessity.

A new organ known as "The East Asia National Policy Research Association" was formed at Tokyo June 6. The object of the Association was to study Japan's economic, military, and diplomatic policies with regard to oriental countries.

Japanese Railways Ministry, the *Asahi Shimbun* reported (June 9), had concluded arrangement with the Peiping-Mukden Railway Bureau for inauguration of through railway tickets from Tokyo to Peiping, the action to become effective August 1.

Chinese Embassy Closed

The Chinese Embassy at Tokyo was officially closed on June 11. Y. C. Yang, Charge d'Affaires, and other members of the Embassy departed for China aboard the *Empress of Canada*, disemarking at Hongkong, whence they will proceed to Hankow. The Foreign Office spokesman at Hankow said that closure of the Embassy had been decided upon because the Embassy had been unable to carry on its duties as the result of Japanese pressure. The spokesman cited many cases, where the Japanese authorities were using various tactics to force the Embassy to close.

Sino-Japanese Wrangle

A controversy developed between the Chinese and Japanese delegates at the meeting of the International Labor Office (June 7) at Geneva. Shortly after the meeting began, the Chinese delegation submitted a resolution expressing concern over the sufferings of the Chinese. The Japanese delegation objected. Finally the Chinese delegates agreed to withdraw the resolution, but submitted another requesting a study of means to alleviate distress from a war of aggression. Chu Hsueh-fan, chief Chinese delegate, delivered a speech at the meeting on June 11, referring to "armed invasion of China by a certain foreign country in July, 1937," which resulted in the demolition of 3,927 factories, unemployment of 12,000,000 Chinese workers, slaughter of unarmed Chinese troops by the enemy, death of children and outrages on women, and the bombing of open towns. Mr. Chu maintained that the security of all nations was imperilled, and the welfare of all workers endangered, by foreign aggression.

Want Japan-China "Anchuluss"

Chen Chin-tao, Finance Minister of the Nanking "Reformed" Government, told Japanese reporters here (June 9) that the spirit displayed by Germany and Austria in effecting their Anchuluss should be emulated by Japan and China in settling their problems. "I sincerely hope," said Chen, "the current war is the last one between Japan and China and that both nations will unite in stabilizing peace in the Far East."

Chen stated thatthe National Government still possessed specie holdings valued at about U.S.$300,000,000. It was only natural for Japan to wage war on the National Government, Chen added, because the latter utilized the anti-Japanese movement for unifying the country.

The "Reformed" Government, is now operating on a monthly budget of $2,000,000, most of which went for salaries of its officials, be said.

Shanghai Nippo alleged that activities of Chinese mobile units in vicinity of Shanghai and in Pootung were organized and directed by the authorities at Hankow. Recently an important conference allegedly was held in Pootung between guerilla leaders and representatives from Hankow. Dr. F. C. Yen, Director of National Health Administration, and Gen. Tsai Ching-chun, former Commissioner of Police of Greater Shanghai, are reported to have come here to make arrangements to finance the activities of the mobile units. The puppet Pootung "Ta Tao" Government has decided to organize a "Gendarmes Corps" to combat the activities of Chinese guerilla bands. Ho Tsuan, Japanese returned student and former Consul-General in Batavia, was installed as "Mayor" of Hangchow, June 10, according to *Domei* report.

A two-day religious service was held in Nanking on June 10-11 in memory of Japanese soldiers killed during the current hostilities. The rites, sponsored jointly by Japanese military authorities and the Nanking "Reformed" Government were held at the Pilu Temple.

Mme Sun Deplores Exodus of Able-Bodied Men

Surprise at the recent exodus of numerous able-bodied men from Canton to Hongkong is expressed by Madame Sun Yat-sen, widow of the late Party Leader, in a letter to General Wu Te-chen, Chairman of Kwangtung. Since the recent Japanese air bombardments of Canton, Madame Sun states, numerous refugees have arrived in Hongkong from Canton. While this is but natural in view of the ruthless Japanese air bombing of the civilian population, it is nevertheless surprising that among the refugees are numerous able-bodied men who should be actively participating in the campaign of resistance for the defence of the country. In all modern countries, she continued, whenever the country is invaded by a foreign foe, the able-bodied citizens are always the first to take up arms for the defence of the country. The present exodus of able-bodied Cantonese to Hongkong is therefore incomprehensible, to say the least. Madame Sun Yat-sen in conclusion urged the Kwangtung Provincial authorities to stop the exodus of able-bodied men from the province and to give them intensive military training for active participation in the campaign of resistance. She also urged the Provincial authorities to strengthen the air defence of Canton and establish more refugee camps for those whose homes have been destroyed by Japanese aircraft.

Gen. Yu Han-mou, Kwangtung Pacification Commissioner, appealed to the people of the province to participate with firm determination in the campaign of resistance. Gen. Yu denounced the Japanese bombings of Canton, which caused death and wounding of thousands of innocent civilians.

"The people of Kwangtung are ready to lay down their lives in order to manifest the national spirit and resist the Japanese invasion," stated Gens. Yu Han-mou and Wu Te-chen, Kwangtung Chairman, in joint reply to Gen. Chiang Kai-shek's recent message of condolence to the victims of Japanese airbombing of Canton city.

Despite some dissatisfaction in Canton, the Government at Hankow, it was reported, had decided not to send any airplanes

to the city now or in the future. The decision, according to *United Press* message, was based on following factors.

1. The planes are needed to defend Hankow.
2. The planes must assist inadequate land forces in resisting the Japanese Navy's drive up the Yangtze.
3. Belief in Hankow that the Japanese are bombing Canton for the express purpose of luring the planes from Hankow.

Sensational reports were published in Japanese papers in Tokyo (June 14), predicting political uprisings in Canton within ten days. Canton was said to be in the grip of acute tension, with a group of influential generals and politicians plotting an anti-Chiang coup. Hankow's failure to send airplanes to Canton to protect the city from Japanese bombing was alleged to be a principal cause of the rumored coup.

Cavalry Commander Executed

Execution of Gen. Tan Tze-hsin, Commander of the 4th Calvary Corps and concurrently Commander of the 10th Cavalry Division was announced by the Military Council at Hankow (June 12). Tan was charged with mutiny, disobedience to orders and looting.

Gen. Chiang Kai-shek, in a telegram to Prince Sha, leader of the Ordos League, appealed to the various Mongolian Leagues and Banners in Suiyuan to co-operate closely with the leaders of the country in the struggle against Japanese aggression. Gen. Chiang emphasized the importance of national unity during the present national crisis.

"The Mongolians of the Alashan Banner in Ninghsia remain absolutely loyal to the Central Government," declared Prince Ta, Jassak of Alashan Banner in Ninghsia City in press interview. He disclosed that Japanese emissaries had been sent to Ninghsia two years ago to "buy over" the Alashan Banner, but their offers had been spurned.

Tokyo reports alleged that a split in the Kuomintang had developed as a sequel to the reinstatement of 26 communist leaders in the Party. The reports said that the reinstatement was decided upon on June 3 by the Central Supervisory Committee, but opposed by the Central Executive Committee at Hankow on June 5.

The Military Affairs Commission, in a circular order to the military authorities in various provinces, enjoined that special protection be accorded to all productive enterprises during the present campaign of resistance. Particular attention should be paid to the promotion of agriculture and industry, the order stated.

Gen. Chiang Recevies Delegates

Generalissimo and Madame Chiang Kai-shek received (June 9) four delegates of the World Student Congress, comprising two Britons, one American and one Canadian.

After visiting the Chinese defence lines in Chekiang, the delegation returned to Hankow (June 7) by way of Kiukiang. A reception in honor of the Delegation was jointly given (June 11) by the Mongolian, Tibetan and Mohamedan residents in Hankow. Speeches of welcomes were delivered in Mongolian and Tibetan languages and translated into Chinese and English.

Edgar Ansel Mowrer, representative of the International Peace Campaign, now in Hankow, visited (June 12) the local Child Welfare Association. "Though the invaders have separated you from your parents," said Mr. Mowrer to the war orphans, "a bright future is still in store for you. You should apply yourselves closely to your studies, so as to prepare yourselves for the important mission which you will be called upon to fulfill in the future." Mr. Mowrer also visited the various refugee camps in Hankow.

Earth Tremor Shakes Shanghai

Earthquakes feebly rocked Shanghai at exactly 55 minutes and 14 seconds after 5 p.m., June 10. The delicate and sensitive seismographs at the Siccawei Observatory registered the tremors. It is reported that the epic center of the earthquakes was some 370 kilometers from Shanghai but the exact direction was unknown. Except for the registration of the tremors at the seismographs, the quakes were almost entirely unnoticed by Shanghai residents. No damage of any kind has been reported and no casualties have been brought to light. Although recent volcanic phenomena are absent in China, earthquakes are not so rare in Chinese provinces. The worst earthquakes recorded in China were the tremors which devastated large areas in Kansu range between 1920 and 1925.

Y.W.C.A. Celebrates 30th Birthday

Raising another milestone in its work as the leading Chinese women's service organization, the Shanghai Y.W.C.A. on june 10 celebrated the 30th anniversary of its founding with a special entertainment and commemoration program at the Bubbling Well Road headquarters of the organization.

Japan Will Admit Hollywood Films, But Payment Deferred

After barring American films from the country for nine months, the Japanese authorities have agreed to lift the ban on 200 recent films. The producers have agreed to deposit the sum of U.S. $1,000,000, plus royalties, in the San Francisco branch of the Yokohama Specie Bank and leave the money there for three year without interest.

Chiang Kai-shek Asks Powers to Assist China

The paramount necessity for all friendly powers to fulfil their treaty obligations by giving China positive assistance was emphasized in a lengthy statement issued June 9 by General Chiang Kai-shek. The fighting strength of the Chinese army, he said, had been more than doubled since the outbreak of hostilities, while its armaments had undergone considerable improvement, both in quality and quantity. The determination of the Chinese to resist, the Generalissimo declared, had been heightened by "Japanese atrocities against non-combatants."

"It is a well-known fact," the Generalissimo said, "that since the outbreak of hostilities last summer the fighting strength of the Chinese Army has been more than doubled and its armament considerably improved in quality and increased in quantity. Meanwhile, the morale of the people has been so advanced that the Chinese high command feels free to decide on plans of operations according to the highest principles of military strategy as applied to local conditions. It is now possible to regulate advances or withdrawals on the principle of sustaining minimum losses and dealing heavy blows at the enemy when an opportunity arises. During the first stage of the hostilities, China made gallant sacrifices in defence of strategic points. The experience thus gained has enabled our troops and our people to develop confidence and, at the same time, a tenacious spirit.

"The records of the Chinese army both in Shanghai and southern Shantung, afford indisputable testimony to the capacity of its fighting strength. In military operations major emphasis should not be laid upon the holding or abandoning of a city, nor the advance into or withdrawal from a certain locality, but rather upon the freedom of the army to choose its own terrain and positions advantageous to itself but disadvantageous to the enemy. This has become common knowledge to Chinese troops as well as to Chinese civilians."

Turning to the heavy loss of life suffered by Chinese non-combatants, the Generalissimo declared: "The Japanese apparently believed that by so doing they could terrorize and coerce the Chinese people as well as shatter their will to resist. What the Japanese did not know is that their acts of barbarism will only serve to arouse 450,000,000 Chinese and fortify their determination to share a common fate and fight their common enemy to the bitter end. In future Chinese troops would be in an even better position to hold the enemy after shifts of lines of defence. Their fighting strength will increase as the war proceeds. Both the Chinese army and people are confident that they will finally emerge victorious."

Continuing, General Chiang declared: "The past eleven months' armed resistance has fortified our nation's determination to fight and simultaneously has augmented our faith in our final triumph. China's military strength has been considerably increased. When hostilities first broke out, the Japanese thought that our fighting prowess would decrease daily. In their estimation, China could not stand the war for more than three months. Quite to the contrary, China's resistance will last as long as the Japanese continue their campaign of aggression. Its duration cannot be measured in terms of months or years. The endurance of the Chinese nation in carrying on resistance has been amply borne out in history.

"The whole nation is solidly united as it never has been before. Evidence of unity may be seen everywhere. It is more particularly conspicuous in the occupied areas, where the Japanese have succeeded only in getting bandits and discredited politicians to set up puppet organizations for them. As to righteously minded people, even those who were formerly dissatisfied with the Kuomintang are one and all supporting the National Government and taking part in armed resistance and opposition to spurious regimes."

Peiping Regime Ignores Hunt Deal

The "Provisional Government" at Peiping on June 10 announced its refusal to recognize the validity of the transfer of the China Merchants' Steam Navigation Company's assets to William Hunt and Company, an American concern. The statement, issued in the name of the "Peking Administration's Executive Commission," read:

"The 'Provisional Government of the Republic of China' hereby declares that it will not recognize any contracts concluded between the William Hunt and Company, representatives of American bankers, and the Nationalist Government, for the transfer of the assets of the China Merchants' Steam Navigation Company."

Yunnan-Burma Railway Work to Start

Construction of a railway joining Yunnan and Burma is being begun shortly, according to travelers arriving in Chungking from Kunming, the provincial capital of Yunnanfu, which will be the terminus of the new line. There is no information available regarding the Burma terminus, but it is almost certain that it will be Myitkina, which is the terminus of the North Burma Railway from Mandalay. This would provide a through route from Rangoon to Kunming. The new line will traverse some of the most difficult country in the world, including mountain ranges and the gorges of the Great Mekong and Salween Rivers.

Japan's Army in the Opium Den Business

THE disclosure of undisputed evidence that the Japanese Army is selling opium (*China Weekly Review*, April 30, 1938) to the public through its so-called "special service departments," somewhat resembling army canteens in occidental countries, found its echo this week in Geneva where Stuart J. Fuller, assistant chief of the Far Eastern Division of the U. S. State Department, charge before the League of Nations Opium Advisory Committee that Japan is fostering the spread of opium in China and Manchuria and is responsible for large dope shipments from China to the United States.

Fuller, on June 13, told the committee that "illicit dope trade is flourishing" in Japanese controlled areas of Asia, with the exception of Japan, Korea and Formosa. State Department information, he revealed, showed that at least 650 kilograms of heroin had been exported to the United States from the Japanese Concession in Tientsin by one of several Japanese gangs engaged in the dope traffic, the *United Press* reported.

Japanese narcotic trade is sweeping through Mukden, Harbin, Peiping and Tientsin where Japan is attempting to keep the Chinese people in subjugation, he said. Fuller said 460,000 pounds of Iranian opium had been consigned to the Japanese Army in China recently. "I have been informed that sales and delivery of this shipment will be made under the supervision of the Japanese Army in any part of Central China occupied by the Japanese Army," Fuller said in one of the most outspoken condemnations of Japanese dope trade ever heard in Geneva.

Fuller, on behalf of the United States, asked the Committee to demand that Japan give some explanation of her dope spreading policy toward China, Manchuria and the United States. Victor Hoo, Chinese delegate, reiterated Fuller's allegation that Japan was fostering the drug trade in China in an attempt to "poison" the Chinese people and lower their resistance to Japanese aggresion. the Chinese people and lower their resistance to Japanese aggres-

"Japan combines military invasion with invasion by drugs which in the long run is murderous," Hoo said. He suggested that the anti-opium committee be shown a film exposing former Japanese drug trafficking in opium in the French Concession at Hankow prior to the outbreak of the Sino-Japanese war. The Japanese delegate, after taking exception to the evidence presented against Japan, threatened to leave the Commission if the Chinese film were shown. He said that screening of the film would "give an official character to a Chinese propaganda film." The Committee refused to see the film.

Eiji Amau, Japanese delegate, the next day denied official American charges that the Japanese Army and Japanese merchants were engaged in the drug traffic in China. He said Japan had taken radical measures against the drug traffic in Tientsin. Amau's denial immediately drew additional accusations against Japan from other delegates who presented evidence that the Japanese Army was flooding occupied areas of China with dope in an effort to "keep the Chinese people under subjugation."

Blanco's Plan

Alfred E. Blanco, director of the Anti-Opium Information Bureau, has presented the League Committee with a plan to hall all opium smoking and eating throughout the world by 1948, but few delegates had any hope of placing such a plan into effect as long as nations such as Japan officially sponsor the drug traffic Estimating that 1090 tons of opium are being consumed this year, Blanco declared that if the League would adopt his 10-year plan there would only be 290 tons of opium required at the end of the decade. He said that opium smokers this year are consuming 300 tons and opium eaters 500 tons, compared to 290 tons devoted to medical and scientific requirements. Blanco admitted he was doubtful as ito the outcome of the session of the League. He said however, that he was counting on the United States to prevent it from being a complete failure.

"If this preparatory committee does fail," Blanco said, "it will mean that there will not be another attempt to wipe out opium smoking and eating for years to come. It is an easy task if all the governments are sincere because it is quite impossible to cultivate bootleg poppies. You can't hide a poppy field."

EASTERN OPIUM DEN

One of Japan's first acts in "restoring civilization" to China was to reopen the opium dens closed by the so-called "bandit Reds."

Ken Magazine, Chicago

Two-Fold Objectives

In its April 30th issue, the *China Weekly Review* warned that "this disclosure proves the oft-repeated, but never proved allegation that the Imperial Japanese Army is in the opium and narcotics business." The *Review* further stated:

"The objectives are two fold: Revenue and the doping of the population—Japanese military method of pacifying subjec-peoples. Representatives of the League of Nations and other organizations, including official organs of foreign governments, who are familiar with the narcotic situation in the Far East, expected an increase in the illicit traffic in these drugs as a result of the war, but they were unprepared for such increases as those recorded in

(*Continued on page 98*)

Gloomy Situation for China's and Japan's Armies

THE armies of both China and Japan this week faced melancholy facts: To Japan, the roaring torrents of the unleashed Yellow River spelled doom to their carefully-mapped plans for advance through east and northwest Honan and onward to Hankow; to China, another provincial capital lost, and poised to the east of Hankow, the threatening forces of Japan. For both countries, despite their optimistic proclamations, the situation was fraught with gloom. It was no happy thought to Japan to see large detachments of her armies, trudging over the flat plains of Honan, engulfed in swirling cascades of flood waters and drowned; to know that countless pieces of expensive mechanized equipment were submerged under miles and miles of inundated land, once the battlefields of the Lunghai Railway sector; to know that the Yellow River dikes were destroyed in place after place, and in some spots no dikes existed for a distance of 200 meters, and that if the Chinese army could not clear them out of Honan, perhaps the Yellow River would. There was no note of encouragement to China in the fact that 60 of Japan's warships swept up the Yangtsze River, halted off Anking and relentlessly bombarded the country side while eight Japanese transports disgorged a horde of Nipponese troops on June 12, marched on Anking, Anhwei's capital, and, on the following day, had driven out the small band of Szechuan troops under Gen. Yang Sen's command and occupied it. It was not comforting to know that despite topographical handicaps, the Japanese are not far from Hankow, China's capital now in the process of being abandoned. And it was not cheering to any of China's sympathizers to witness what appeared to be a complete lack of defense or offense in this area by the Chinese. Anking was the ninth Chinese provincial capital to fall into Japanese hands since the commencement of the war, others being Paoting, Kweisui, Kalgan, Taiyuan, Tsinan, Chingkiang, Hangchow and Kaifeng.

WIN OR DON'T COME HOME

A Chinese woman, asks the commander of a military force passing her home, to tell her son who is at the front, that he should not return home in the event he failed to win the battle.

But now, as the army of Japan points its spearhead at Hankow, and the Chinese optimistically declare that there is no immediate danger of the city falling into Nipponese hands, the Chinese military authorities are rushing defense works and massing troops to bulwark the Wuhan area, and of all Hupeh north of the Yangtsze. On June 14, heavy Chinese reinforcement began pouring into east Hupeh and, at the same time, 12 planes hopped off to bomb Japanese warship and troop concentrations in the vicinity of Anking. Hankow's defense operations will be in the hands of General Cheng Chen, General Chiang Kai-shek's most trusted commander, who is Garrison Commander of the Wuhan area and concurrently Minister of Political Affairs of the generalissimo's headquarters. In view of the tense military situation, it is believed that General Cheng will temporarily devote his entire time and attention to strengthening the defenses of the Wuhan area.

Cheng Chen to Stay

It was recently reported that General Cheng might be sent to Canton to direct the Chinese operations in South China in the event of a Japanese invasion and that General Hsueh Yueh, former Pacification Commissioner of Kweichow, would succeed him at Hankow. It has now been definitely established that General Cheng will remain in Hankow, while General Hsueh has gone to the Lunghai Railway front. In the defense plans for the greater Wuhan area particular attention will be paid to districts north of the Yangtsze where, it is believed here, the Japanese will launch their big drive toward Hankow. The most serious threat to Hankow, apart from a drive down the Peiping-Hankow Railway will, Chinese circles predict, be a Japanese drive across country from Nanyang, in southwestern Honan, towards Shasi, west of Hankow, designed to cut off the retreat of the Chinese forces from Hankow to Szechwan province.

While it is thought possible that the Japanese ground forces may launch an attack westward from Wuhu and that Japanese warships may steam up-river toward Kiukiang, it is believed that they will not make any serious attempt to attack Hankow. Chinese experts say it will take months before the Japanese can remove the strong Chinese booms at Kiukiang and below Hankow. These booms, they say, are so constructed that aerial bombing and naval bombardment will not clear the river channel. They therefore think that a westward drive from Wuhu overland will be too difficult, as Japanese forces would have to advance through the mountains of western Anhwei and eastern Kiangsi, leaving their left flank exposed. In the defense of Hankow, General Cheng Chen will be assisted by General Cheng Fah-kwei, the famous commander of the "Ironsides."

Troops to Get Rest

Past experiences at Shanghai and Nanking have convinced the Chinese military authorities of the inadvisability of relying on a retreating army to make a stand, no matter how strong the defense line may be. In the defense of greater Wuhan area, the Chinese military authorities will not rely on troops withdrawn from the Peiping-Hankow or the Lunghai railway fronts. In the event of such a withdrawal, the troops involved will be sent to the interior for reorganization and rest. Fresh divisions are going massed in the greater Wuhan area and, as their task is solely to defend Hankow, they will not be used for fighting on other fronts.

A withdrawal from Hankow will be much more difficult than the evacuation of Nanking. From Nanking, the Chinese forces were able to go westward by steamer along the Yangtsze, by railway north of the Yangtsze and by motor-road in various directions. In Hankow the situation is different. River traffic westward from Hankow to Chungking has always been difficult. If the Japanese should push southward towards Hankow, the only avenues of retreat will be by railway and motor-road to Hunan, but both these communications are expected to be heavily bombed by the Japanese.

In the Canton area, the bombing continued in desultory fashion despite denunciations by democratic powers. Civilian losses had dwindled, due to a large-scale evacuation. On June 13, for the first time in many months, Japanese planes invaded Kwangtung from a new base somewhere on the Fukien coast, probably at Amoy. The raiders flew over a large area in the eastern part of the province, scattering thousands of leaflets and dropping eight bombs. The same day, the Japanese consul-general at Canton replied to American protests against the bombing of the American-endowed Linghnan University, on June 8.

The reply expressed sympathy at the killing of Chinese employees of the University and regreted for having jeopardized the safety of Americans. It urged, however, that in future the most careful identification be given of buildings of the University by a prominent display of flags on the roof-tops. At the same time, replies to French and British protests against Japanese raiders flying over Shameen to reach their objectives stated that an investigation of the charges is now proceeding. They declared that Japanese naval authorities have reiterated the strictest instruction to the airmen carefully to avoid Shameen and other foreign property in carrying out air-raids.

Coal Mine Blast Claims 45 Japanese

In the worst coal damp explosion in a decade, eight workmen were killed outright and 37 trapped under ground at the Navy-operated coal mines at Shime village, Fukuoka Prefecture, on June 8. Rescue work was said to be in progress, but little hope was held out for the men caught below the ground.

The Exchange Mart Hits Shanghai's Pocketbooks

WHEN a proprietor of a store well-stocked with merchandise, tells you that if you insist upon buying, he will sell, but he'd rather keep his goods—that is news!

Such was the anomalous situation faced by the Shanghai merchant and customer alike in the past fortnight. Merchants sold reluctantly to eager buyers until premature exchange-profiteering set in to dampen the ardor of customers.

The reason was the steady and history-making decline in value of the Chinese national dollar.

To this writer, a Russian provision dealer expressed what apparently was the sentiment of both large and small butcher, baker and candlestick maker. "Suppose I sell? What use? Maybe tomorrow Chinese money just the same as paper I use to wrap bundles. Yes? Who knows? Yes, more better I keep stock on shelves." He shrugged him shoulders. "At least I can eat merchandise. Bad paper money—I no can eat."

On June 11, Chinese currency hit a new, all-time low. Street exchange shops were offering $6.10 for U.S. currency, and on June 13, banks were selling gold dollars at $6.06. Then, on June 14, the exchange showed a slight improvement, banks selling at $5.81, buying at $5.63; on June 15, the Mex had risen to $5.10. But the market remained nervous, and traders awaited with great interest announcement of allocations to be made by Hankow this week. The future trend of exchange rates is likely to take its cue from the attitude of the Ministry of Finance.

Hankow Blames Speculation

In Hankow, however, a spokesman of the finance ministry blamed rumors and speculation at Shanghai for the decline in value of the Chinese dollar. Actually, the spokesman asserted, the Government was providing "large amounts" of exchange to meet the legitimate demand. According to trade statistics, he stated, the excess of imports over exports was decreasing, being only $10,000,000 in April. It was indicated, he noted, that this tendency was continuing. "There is no foundation in fact for the current rumors," the spokesman declared. He recalled the past practice of the "circulation of rumors as a means of manipulation."

In Hongkong, a spokesman of the Hongkong and Shanghai Banking Corporation said that the Shanghai dollar was at the mercy of political influences, but that no anxiety need be felt over the Hongkong dollar. The collapse of the Chinese dollar, he pointed out, must not be thought as indicating the collapse of General Chiang Kai-shek's regime. "We have definite information," he declared, "that the feeling and morale in Hankow are very high." Both Chinese and foreign circles in Hongkong were not worried over the collapse of the dollar, being of the opinion that possible changes in China's currency structure may be seen very soon.

But day after day for nearly a fortnight, the Shanghai dollar continued on the toboggan. Foodstuffs, tobaccos, wearing apparel, and finally, most disappointing of all to motorists who foresaw a relief in the new customs tariff, was the boost in gasoline prices. On June 11, gasoline jumped to an all-time high price, when three oil firms in the city announced the increase of another 10 cents on each gallon, raising the rate to $1.30 per gallon from curb pumps.

24 Per Cent Increase

The present price for gasoline represents an increase of approximately 24 per cent above the rate at the end of last year which stood at $1.05 per gallon. Since early this year, the three local oil firms, the Standard-Vacuum Oil Company, the Asiatic Petroleum Company and Texas Company, have thrice raised their prices. From $1.05, the price was first increased to $1.15. A five-cent reduction was made several days later, but within less than two weeks, the rate was again increased to $1.20. This latter price had been in force until June 11. Old-time Shanghailanders recalled that the highest price they ever paid for gasoline in this city was about $1.20 per gallon during the days of the world war. At that time high international transportation charges caused what was then considered a phenomenal rise in petroleum prices.

Oil companies held that the recent reduction in Customs tariff for gasoline as announced by the Nanking "Reformed Government" is not sufficient to off-set the difference in the exchange rates The tariff on gasoline imported in bulk was reduced by approximately 2 cents per American gallon while the cut in tariff for gasoline imported in tins amounts to about 16 cents per gallon, it was pointed out.

Yen Parity Vanishes

But while a near panic overtook the Shanghai dollar, things, also were happening to the Japanese yen. The original parity of 14 pence, fixed by Tokyo, no longer exists, although anyone wishing to do so can buy any amount of Yen notes from local Japanese banks at the rate of $159. for Yen 100 or thereabouts. The Chinese banks along Szechuen Road will buy Yen at $125, however, and will sell any amount at $128 for Yen 100, so the quotation as given by the Nippon banking institution is fictitious. While the Japanese banker's argument is to the effect that the purchase of Yen banknotes has been stopped in order to check the smuggling of this currency from Japan and North China (where incidentally the Yen is officially at par with the "Federal Reserve Bank" dollar) in an attempt to dispose of them in exchange for Shanghai currency at a large profit it is not held conceivable that this measure has even the remotest effect, because anyone choosing to do so may sell Yen in large quantities in any and buy of the Szechuen Road banks.

The Chosen Yen is a problem all its own. While the bank is said to refuse Bank of Japan notes in payment for drafts on Japan, experience shows that just the contrary is true. In one case a local business man wanted to buy a draft on Chosen from the Bank of Chosen with Bank of Chosen notes and he was told that the Bank of Chosen refuses Bank of Chosen not. This is interesting as the common conception of a banking institution declining its own notes or checks in any other country of the world is that of insolvency. On the other hand, however, a high official of the same bank said that if a draft on Chosen is to be bought, it can be paid for either in foreign currency or in Bank of Chosen notes because "our bank is not responsible for notes issued by any other bank."

Although the Shanghailander is credited with being well versed in financial matters compared to poeple living in other parts of the world, an example is given of how those fabulous sums which at the time were spoken of, were made by speculators some three to four weeks ago, when the Yen quotation was still somewhere around 80.

Quick Route to Riches

Assume that Mr. Asukumi, says the *Shanghai Evening Post & Mercury*, with a mind to making some money, commenced his trip to Tientsin with $1000 Shanghai currency. He would, on reaching there, immediately obtain $1050 of the Federal Reserve Bank notes in the open market, whereas the chances that he would get $1200 in a private deal, from persons wishing to dispose of the Federa Reserve Banknotes which were distributed in the north, would be good. As the F.R.B. dollar is at par with the yen, he would then get himself the equivalent in yen, or yen 1050 at the least, and would then commence his return trip to Shanghai only to dispose of the Nippon notes here at the official rate of 80. In other words this meant that he would get Shanghai dollars 1378. Or in other words still would have made a profit of $378. Although this is to be made by anyone willing to buy himself a season-ticket on one of the steamship lines to Tientsin.

Whereas in Germany, Italy and other European countries, strict vigilance is kept on the frontiers against anyone taking out banknotes in order to sell them abroad, this part of the foreign exchange control regulations does not seem to be enforced very strictly in Dai Nippon. A local banker stated in this connection that many a foreigner has come to Shanghai with several lakhs of yen, with the purpose of disposing of them here, and although in some cases smaller amounts were sold at the time when the Japanese bank were still "interested" in their own currency, this is not being done any more. By the same source it was also pointed out that while in most countries of the world it is customary and usual that the currency laws are broken, the conscientious Japanese citizen really hasn't got a chance to make use of the loopholes existent in any law because this would be "against the spirit of the law." Therefore the authorities may decide to do something which the particular man wouldn't like too much.

How do they get rid of it?

The most common question in connection with the orphan yen, is how the Chinese exchange shops, now that the Japanese banks refuse to have anything to do with the yen, dispose of their monies in this currency. The answer is that notwithstanding the boycott of Japanese goods, a great quantity still is imported and the importer, instead of buying yen at 159 or thereabouts, at the official rate from the Japanese banks, buys them at 128 from the Chinese exchange shops and then sees to it that they are smuggled into Japan, for although bringing small amounts of Yen into Japan is not illegal, it is "against the spirit of the law."

Puppets to Follow Terms of Tokyo Customs Accord

The "Reformed Government" in Nanking on June 12 informed the "Provisional Government" in Peiping of its intention to carry out the provisions of the Anglo-Japanese agreement on the disposal of Customs revenues in China. The communication was in response to a formal note received in Nanking from the local administration. The Anglo-Japanese agreement, concluded in Tokyo on May 3, provided for the allotment of a part of Customs revenues for servicing China's external obligations.

Revenues Deposited in Japanese Bank

Since June 1, revenues collected by the Customs have been deposited with the Yokohama Specie Bank in accordance with the Anglo-Japanese Customs Agreement, according to well-informed circles.

Japanese Said Slain by Dumdum Bullets

Major Masao Nishiyama and nine Japanese soldiers were killed by dumdum bullets used by Chinese troops in a fierce battle which took place on June 9 at Palito near the junction of the Ying and Hwai Rivers west of Chengyangkwan in Anhwei, the *Shanghai Nippo* reported.

Growing U.S. Sympathy for China Seen in Mounting Contributions for Relief

WHILE appeal after appeal flooded Shanghai this week from all parts of China and while local relief organizations sought to fulfill the demands, Shanghai saw in the U.S.$600,000 already remitted for war refugee relief work a testimonial to the growing sympathy of the American populace toward China.

America's new drive for U.S.$1,000,000, the funds from which to be contributed to war sufferers in China, ended this week. At the same time, in order to aid the financing of relief work in China as long as the Sino-Japanese war lasts, the American organizations, including the Red Cross, have jointly and individually made plans for starting nationwide campaigns to raise more funds. These campaigns were brought forcefully to the attention of the American public on June 17 when a "Bowl of Rice Dinner and Ball" was held simultaneously in some 1,600 cities throughout the United States. These functions were given under the sponsorship of the newly-organized United Council for Civilian Relief in China, which has Colonel Theodore Roosevelt, Jr. as national chairman. To New York newspapers Colonel Roosevelt recently explained in an interview that millions of Americans were invited to pay high prices for bowls of rice in order that China's 50,000,000 civilian refugees may eat. The funds, he said, will be used to relieve famine conditions, provide medical supplies and aid the rehabilitation of China's civilian sufferers in areas devastated by the Japanese. Orgnaizing of local committees throughout the country already is well under way, according to Colonel Roosevelt.

The National Students Council of the Y.W.C.A. has established a Far Eastern Student Emergency Fund in response for aid from China. With the goal set at U.S.$25,000, the committee in charge of raising the fund has already received U.S.$14,737.71 in cash and U.S.$1,232.05 in pledges, making a total of U.S.$15,969.76. A larger campaign with the goal set at U.S.$30,000 is expected to be launched by the Y.W.C.A. early in the fall.

Contributions By Organizations

Mrs. C. H. Wang, president of the Chinese Women's Relief Association, has remitted some U.S.$120,000 to Madame Chiang Kai-shek for relief purposes. The money was raised by auctions, shadow plays, art exhibitions, entertainments and other activities. The Associated Boards for Christian Colleges in China, the report revealed, has already raised U.S.$170,000 of its U.S.$250,000 goal. Mailing its first appeals for civilian aid in October last year, the China Famine Relief has raised about U.S.$75,000 which has all been used in China for hospital work and other projects for aiding refugees. Plans are now under way for raising U.S.$1,000,000. In order to secure a larger group of sponsors, the relief organization has enlarged its board of directors. A national campaign is planned for this fall in conjunction with the Federal Council of Churches, the Foreign Mission Conference and the Committee on Civilian Relief in China.

The American Bureau for Medical Aid to China has raised a total of U.S.$60,000 of which U.S.$55,000 has been converted into medical supplies and sent to China. Responding to appeals from China, the bureau also sponsored a "quinine campaign" which resulted in the collection of some 2,350,000 tablets, or slightly over one ton of the medicine. Also taking part in the work of giving medical aid to China is the China Aid Council which has raised a total of U.S.$175,000 and has sent its own medical unit, consisting of a doctor, an ambulance and two nurses, to the fighting zones in China. The organization responsible for the project is the central unit of some 34 China Aid Councils in different parts of the United States.

In Canada, the Canadian League for Peace and Democracy has sent three tons of medical supplies to China. Another shipment was due to leave for this country when the report was written. The League also supplied U.S.$11,000 for the support of the American League for Peace and Democracy's medical unit in China. Other groups which are joining in giving assistance to China include the United Korean Society which was planning for a Tag Day in New York during the first part of June, and the Chinese Hand Laundry Alliance. The Korean organization was planning to send one ambulace to this country while the New York Chinese laundrymen were preparing to purchase five ambulances.

British Donation

The remittance to China of a further £5,000 for the relief of war sufferers was announced last week by the Lord Mayor of London, Sir Harry Twyford. The latest remittance brings the total sum sent to China to £104,000, including £18,000 worth of drugs, blankets and medical requisites. In making his announcement, the Lord Mayor drew attention to the fact that urgent requests were being continually received from China on behalf of millions of destitutes deprived of homes and livelihood and faced with starvation. The Clothing Comfort Committee, he said, had sent to Hongkong 130,000 garments. The Lord Mayor emphasized that money for food was the most pressing need.

Plans of Quakers

Plans for establishing a special nutrition camp in Shanghai to accommodate some 1,000 undernourished refugees are now being considered by the American and British Quakers whose representatives have just completed an exhaustive investigation into the relief situation in China. Information on the project under consideration was divulged this week by Dr. Rufus M. Jones, Chairman of the American Friends' Service Committee, before he left for America by way of Japan June 12 in the company of H. T. Sylcock and B. Ward Perkins, who are members of the Far Eastern Mission of the British Quakers.

The nutrition project, according to Dr. Jones, will be operated along the lines of the relief work in Germany which the British and American Quakers undertook during 1921 and 1924. At that time, when Germany was faced with starvation as a result of the Allied blockade during the war, the Quaker workers, headed by Dr. Jones, fed approximately 1,000,000 German children daily. Similar feeding projects were carried out by the Quakers in Russia during the time of the famine in the Volga region. For this and other work, the Quakers raised some £8,000,000 which they administered on their humanitarian activities. In China ,the initial Quaker relief plans will be started on a smaller scale, Dr. Jones explained. He hoped, however, that as the nutrition work in Shanghai succeeds, the Quakers will be able to extend their relief activities into China's interior where millions of people are needing urgent aid.

The nutrition camp in Shanghai, he pointed out, will be operated on the basis of joint enterprise between the American and British Quakers. A special camp will be erected for the purpose, and trained workers who have taken part in the German and Russian relief will be brought out to China from England and the United States. A veteran relief administration who has seen service in Europe, Russia, France and other countries, Dr. Jones was of the opinion that the magnitude of the refugee problem in China is the biggest he and his associates have ever seen. He believed, however, that the work of feeding the Chinese people will be a simpler task than in Germany and Russia. The uniform diet of rice and the use of soya bean as a staple in nutritious food, he explained, make the feeding of refugees here considerably cheaper and easier.

Employment Bureau Opened

The Shanghai International Red Cross has recently established an employment bureau in room No. 308, 113 Kiukiang Road, (telephone 16674) for the benefit of 130,000 refugees who have been idle and dependent on charity during the last nine months. The object of the Employment Office is an attempt to help the refugees to help themselves. Services of the Bureau are free: entire wages will go to the employees. This bureau has no its files thousands of experienced cotton mill operatives, various sorts of factory workers, carpenters, masons, painters, plumbers, mechanics, electricians, copper and brass-smiths, blacksmiths, tailors, shoemakers, tanners, shop workers, cooks, waiters and boys, transportation workers, chauffeurs, gardeners, general utility fcoolies and workers of scores of other trades. It makes no charge or inquiries and applications made by prospective employers to the Bureau for any class of skilled or unskilled laborers that it has on file.

Maternity Center

The Shanghai Refugees Maternity Center, a project jointly sponsored by a number of local organizations including the Shanghai International Red Cross, the International Relief Committee and the Salvation Army, received its first patients on June 13. At noon that day the first refugee baby was born at the Center. As a tribute to the efforts made by Dr. Amos Wong in promoting the new enterprise the baby will be named Amos. The Shanghai Refugees Maternity Center is located at 110 Robison Road where a large residential building has just been repaired and cleaned for use as a maternity hospital, while on the adjacent lot, four mat-shed camps have been erected to house the relatives and children of the refugee-mothers.

Refugees in Flight

Refugees fleeing in the path of war also are adding further burdens to the relief problem. Accommodation for 50,000 refugees from Hankow had been prepared in Chungking and the surrounding district, General Li Hung-kuan, the Mayor of Chungking, said this week. Eight areas had been set aside, he said, for the reception of these refugees in Chungking and Chiangpei, a neighboring town across the Kialiang River, a tributary of the Yangtse. The problem of their accommodation, the Mayor continued, had been made easire by the action of many Szechwan natives, who had evacuated these towns to reside with relatives in the rural districts, in leaving their property vacant for the use of refugees. The authorities, General Li declared, could make no official arrangements for the relief of destitute refugees, because of the demands on funds for war purposes. The richer inhabitants of Chungking, however, were to be asked to contribute to a fund for the use of refugees.

China—A Vast Monopoly for Japan?

JAPAN'S intentions in North China are being revealed by the economic and political framework which is being slowly erected despite the dissension between conflicting groups within Japan, the need for capital and problems of pacification. This view is advanced in the *Far Eastern Survey* by John R. Stewart, Research Associate, American Council, Institute, of Pacific Relations. Marked resemblances to the Manchurian scheme are evident despite assurances that North China is in a different class. On the political side," Stewart observes, "a provisional Chinese government (under Japanese control) closely resembling Manchukuo's early regime has been inaugurated in Peiping. On the economic side, the semi-official North China Industrial Development Company capitalized at Yen 350,000,000 is being organized to control all Japanese development in the region and operate, as does the South Manchurian Railway, a wide variety of industrial, mining and railway enterprises through subsidiary companies.

WONDERFUL PROGRESS, BUT—!

Henderson (N. C.) Dispatch

Japanese leaders who will participate in China development (known as the First Special Committee for North China Development Co.) are:

Baron Seinosuke Go, Seihin Ikeda, Toshikata Okubo, Ichimatsu Horai, Yoshiyasu Sugino, Kazuo Aoki, Kensuke Horinouchi, Sotaro Ishiwatari, Lieut.-General Yoshijiro Umezu, Vice-Admiral Isoroku Yamamoto, Kota Omori, Toyotaro Yuki, Yosuke Matsuoka, Ichizo Kobayashi, Noboru Otani, Masatsune Ogura, Kenjiro Matsumoto, Junshiro Mandai, Kozo Mori, Count Tadamasa Sakai, and Hyogo Sakurai.

Second Special Committee (for Central China Reconstructions Co.)

Baron Seinosuke Go, Seihin Ikeda, Toshikata Okubo, Ichimatsu Horai, Yoshiyasu Sugino, Kazuo Aoki, Kensuke Horinouchi, Sotaro Ishiwatari, Lieut.-General Yoshijiro Umezu, Vice-Admiral Isoroku Yamamoto, Kota Omori, Juichi Tsushima, Reisaku Nakai, Kenkichi Kagami, Takeo Kato, Sadahiko Nakane, Shozo Murata, Yasuzaemon Matsunaga, Otokichi Shoji, Dr. Joji Matsumoto, and Zembei Horikiri.

Further, the Federal Reserve Bank of China issuing a new currency on a par with the Japanese yen and Manchurian yuan, the Japan-China Economic Consultation Commission and China Economic Affairs Bureau, as well as the guiding influence of the army all have Manchurian counterparts. Although North China has long been a source of raw materials for Japan, failure of Manchuria in 1935 as the "life-line" to Japan intensified Japanese plans for expansion in North China. Stalemated in the spring of 1937 by growing Chinese unity and Japanese lack of capital, planning for economic expansion in this area was immediately resumed after the outbreak of the war.

Despite ambitious Japanese plans, it is evident that behind the scenes there has been considerable difference of opinion as to the type of economic control to be exercised. Prominent Osaka and Kobe business men advocated a policy of economic liberalism objecting particularly to the extension into North China of the system of strict industrial control practised in Manchuria, but were opposed by various plans advanced for monopolistic development through special companies, such as that of Matsuoka of the South Manchurian Railway. Apparently a compromise which "leans more to industrial control than to free enterprise has been reached. Private business is to be left to operate in cotton and wool trading, textile manufacturing, flour milling, and miscellaneous industries but "appropriate control is to be exercised to prevent reckless competition and exploitation." All other developments are in the hands of the North China Industrial Development Company, whose personnel, selected by the government, has not yet been named. While the industrial scene in North China gives the appearance of great activity, the number of actual new developments is small. The Japanese are securely in control of North China wool trade, through the establishment of a monopoly to handle inner-Mongolian wool. The North China Electric Development Company capitalized at Yen 50,000,000 will supervise construction of new power plants, and merge existing power companies.

No Mining Yet

Although 600 tons of Lungyen iron ore are being exported daily to Japan, this comes from a 60,000 ton reserve, and Japan has started no actual mining operations. No new iron works have been constructed, and Japanese industrialists disagree as to whether coal or iron resources should receive primary attention. Few changes have as yet occurred in North China's coal industry. It is expected, however, that Japanese interests will take over the Kailan Mining Administration, a Sino-British enterprise, still the leading coal producer. However, Major E. J. Nathan, Chief Manager of the Kailan Mining Administration, left Tokyo June 4 for England in quest of funds to add to the British concern's capitalization. Newspapers in Tokyo expected the British firm to issue new debentures, the secured funds to be earmarked for the expansion of production. During his prolonged visit in Tokyo, Major Nathan had concluded with the semi-official Japan Iron Manufacturing Company a deal for the sale of 2,000,000 metric tons of coke in the next two years. To supply this large amount to the Japanese firm, the K. M. A. is compelled to expand production, the newspapers said.

The difficult task of maintaining present lines of communication is in the hands of the South Manchurian Railway, and there has been talk of its development into the East Asia Railway Company to operate all lines in North China, Manchukuo, and Korea. So far only one line has been completed between Peiping and Jehol province, and the problem of raising capital has still to be solved. Stewart estimates that at least one million yen is needed to start the economic development of North China, and points out that so far foreign investors have shown no interest in participating in Japanese exploitation of the region.

For both China and Manchuria, many observers question whether the additional opportunities for exploitation which political control affords can compensate for the costs of establishing that control.

Monopoly After Monopoly

Reports received in Shanghai from Tokyo say that plans, sponsored by the Japanese Ministry of Industry, are afoot to set up in Central China a Japanese monopoly of the silk reeling industry and silk-export trade, China's staple export. Competition with the Japanese product will not be permitted, it being planned that "Hereafter, taking into consideration actual silk conditions in Japan the syndicate will adopt appropriate measures to readjust silk prices in the two countries in close co-operation with Japanese silk industrialists. For this purpose, fixing of export amounts and division of exports fields between them will be undertaken. "Sericulture in Central China will be left to Chinese in principle, but the reeling will be left solely to the syndicate."

Plans for the establishment of a national policy steamship company for China are being studied by the Japanese authorities in Shanghai and the Ministry of Communication in Tokyo, according to the *Nichi Nichi*. The plan involves the operation of services between Japan and China, China coastwise services, Inland water services, Shanghai tug and lighter business and warehousing. It is being debated whether separate companies should be established for these business under control of a Japanese national policy shipping corporation or all of them looked after directly by the corporation. The Japanese authorities in Shanghai want the plans to be realized as quickly as possible.

It seems probable that a river navigation steamship company will be established in July. This company may be styled the Shanghai Inland Water Steamship Company Ltd., and operated jointly by Japan and China. The Kiangsu—Chekiang Steamship Company, subsidiary of the Nisshin Steamship Company, will be the nucleus of the proposed company. The Kiangsu-Chekiang Steamship Company has 22 small steamers of its own and 140

taken over from Chinese. It is now operating in Shanghai, but its activity will be extended inland.

A three-year plan for the improvement of harbors in Tangku and Tientsin, at the cost of $8,000,000, is planned by the "Provisional Government" in Peiping. The aim of the project, the is to cope with the increasing trade between North China on the one hand and Japan and Manchukuo on the other. Harbor expansion schemes will also be undertaken in Chefoo, Weihaiwei, Tsingtao and Chinwantao. Lienyunkang, where the Lunghai Railway meets the sea, will also be improved in co-operation with the Japanese military authorities. The work will be undertaken by the Hopei Communications Company, whose establishment is still awaiting the approval of the Japanese Government.

In view of the military situation, the Japanese authorities are planning to place all junks in and about Shanghai under one guild. About 50,000 junks on the Whangpoo River will be placed under complete control by the Japanese authorities. As the first step, a guild controlling 3000 junks operating mostly on the Soochow Creek. Shanghai, will be established shortly. Establishment of a Shanghai tug and lighter Company is also planned.

The Monopoly Rolls on in the North

To complete their plans in industrial and commercial development of North China. Japanese authorities have launched measures affecting Chinese-owned enterprises in areas under their military occupation, it was reported in communications in Shanghai from North China. The communications indicated that the enterprises affected by the Japanese measures included both establishments sponsored by governmental bodies and by private interests. The schemes are generally regarded by Chinese as steps toward creating Japanese monopolies in the industrial and commercial development in North and Central China. Among concerns which the Japanese have allegedly taken over are :-

Shihching Shan Steel Corporation (Lungyi Iron Works). This concern was organized the first year of the Chinese Republic at a capitalization of $170,000,000. Its smelting plant, located at Shihching Shan, west of Peiping was capable of producing 350 tons of steel per day. Operation of the plant, however, had been suspended for several years.

The Loo Fung, Chen Tung and Chen Foong cotton mill companies in Tsinan, Shantung. The combined capitalization of the three mills was $4,860,000. These mills are among many other Chinese owned mills which the Japanese took over recently.

The Tangshan Chee Hsin Cement Company and the Shansi Chuyang Cement Company. Capitalized at $8,800,000, the Chee Hsin Company was capable of producing 600,000 barrels of cement per annum. The Mitsubishi Shoji Kaisha is bidding for control.

The Chuyang Cement Company, a smaller concern than the Chee Hsin Company, was taken over by the Japanese shortly after their occupation of Chuyang.

The Chiuta and Yungli Salt Refineries. These two refineries, with a capitalization of more than $50,000,000, are the largest manufactories of their kind in North China. Meeting tremendous difficulty in obtaining raw material and in marketing their product, the plants suspended operation shortly after Japanese occupation of the Pingtsin area. Later, the Japanese-owned Hing Chung Company acquired the ownership of the refineries.

Taking over of 10,000,000 mow (a mow is equivalent to 1/6th acre) of private-owned salt field. The salt fields, which collectively are capable of an annual production of 1,000,000 tons of eating salt, are now controlled by the Hing Chung Company and the Nippon Development Company.

The Suiyuan Woolen Factory and the Northwest Woolen Factory in Taiyuan. Both factories, established by the Suiyuan and the Shansi provincial governments respectively, were recently taken over by the Japanese.

The Chung Yuan Department Store. This concern, comparable in size to the big retail establishments in Shanghai is the foremost department store in the Tientsin and Peiping areas. A Japanese firm, has made bids to acquire control of the business.

And in the Yangtsze Valley

All Chinese silk filatures in Soochow and Wusih have been seized by the Japanese. It is reported that silk filatures in Shanghai will also be taken over by the Japanese in the near future. The Chinese Hwa Hsin Silk Filature in Wusih has been bought over by the Japanese at a price of $80,000 while the factory had a capital amounting to $300,000. The company has been reorganized by the Japanese into the Hui Min Silk Filature with a total capital of $200,000. The Chinese Chen Hsin, Shun Kong and Ta Sen Silk Filatures in Soochow were bought over by the Japanese at a price of $33,000. With a current capital of $33,000, the Japanese have reorganized the three filatures into a Hwa Fu Silk Filature. The Japanese are now collecting cocoons in the villages and are glanning to resume operations of all the filatures in Wusih and Soochow.

In order to monopolize the cigarette market in North China, the Manchurian Tobacco Company has decided to purchase the Karatzas Bros. cigarette factory Tientsin at a price of Yen 1,000,-000. The American factory is now producing 800,000,000 cigarettes every year and is making a net profit of $20,000 every month. According to the Japanese plan, the factory will be expanded to a capacity of producing 1,500,000,000 cigarettes every year. It may be noted that the Manchuria Tobacco Company has also decided to organize a cigarette company in North China with a capital of Yen 10,000,000.

Reports to the effect that the Shanghai Manufacturing Co., Ltd., has taken over the control of the Sung Sing No. 6 Cotton Mill in Shanghai are regarded as correct, according to a spokesman of the Chinese factory. Little damage was done to the factory during the hostilities and the Japanese factory will find it very easy to resume operations in the mill, which has 75,000 spindles. The Sung Sing No. 5 Cotton Mill, located near the No. 6 Mill, however was heavily damaged by shelling and burning during the hostilities. When the Chinese factory owners refused to co-operate with the Japanese, the spokesman declared, no one was allowed to go near to these cotton mills in Yangtzepoo to investigate the losses of the factories. At the present time the Chinese managements know very well that they will not be able to resume operations in these mills and are taking a *laisser faire* policy.

The Chen Tai and Ta Foong Cotton Mills, two Chinese private concerns located on the northern bank of the Soochow Creek in Hongkew, Shanghai, have been taken over by the Toyoda Cotton Spinning and Weaving Company, Ltd, one of the biggest Japanese cotton mills in Shanghai located on 200 Jessfield Road. Japanese engineers of the Toyoda factory are repairing the machines in the two Chinese cotton mills and it is expected that operations will be resumed in the near future. It is also reported that machines and cotton of the Sung Sing No. 7 Cotton Mill located in Yangtsepoo were removed by the Japanese Kung Ta Cotton Mill in the past week. It may be noted that these machines and cotton of the Sung Sing No. 7 Cotton Mill were mortgaged to the Hongkong & Shanghai Banking Corporation long before the outbreak of hostilities.

Government Plants Taken Over

In addition to the Kiangnan Dock Yard of the Ministry of Navy, which was taken over by the Japanese some time ago, the Lao Kung Mow Dock in Pootung was recently taken over by the Japanese. It is reported that the dock is now operated by the Nisshin Kisen Kaisha. The Lunghwa Arsenal was taken over by the Japanese also, but all the machines in the arsenal were removed to the interior long before the outbreak of hostilities in Shanghai.

Two light railways linking Woosung with Liuho and Jukiang Wharf with Kiangwan have been completed by the Japanese, Chinese report. Construction of these railways are said to have undertaken by Chinese captives ae well as Chinese peasants forced recruited by the Japanese military. The railways are confined to the transportation of war supplies, Public buildings, temples and nunneries in Kiating, Nanziang and other nearby villages have been turned into Japanese depots and warehouses.

Ending three years of activity as the leading Japanese holding firm in North China, the Hochu Kungssu will be swalloned by the Y. 350,000,000 Semi-official North China Development Company sometime this summer. The Hochu Kungssu was established in 1935, as a subsidiary of the South Manchuria Railway Company. Shinji Sogo, formerly a director of the S. M. R., has been its President. The variegated activities of the Hochu Kungssu will be divided among the auxiliary companies of the projected vast concern.

Definite decisions have been made regarding the organization of a North China Telegraph and Telephone Corporation. Capitalized at Yen 50,000,000 the corporation will be organized by the Japanese International Telegraph Corporation, the Manchurian Telegraph and Telephone Corporation and the "Provisional Government" in Peiping.

Plans have been adopted by the Japanese authorities to develop chemical industry in North China. According to the present plan, chemical factories will be built along the Peiping-Liaoning Railway line and the Manchurian Chemical Works will have 50 per cent control of these chemical factories. The remaining 50 per cent of capital will be raised among the Chinese financiers. Representatives of the Manchurian Chemical Works are now investigating the general situation along the railway line for the building of factories.

Fishing Monopoly

Hatsushichino Miyake, Director of the Fishery Bureau of the Ministry of Agriculture and Forestry, in Tokyo after a 40-day trip in Manchukuo and China via Tientsin, Peiping, Tsingtao and Shanghai, remarked: "The cardinal objective of the present inspection trip was the study of measures to adjust the export functions of marine products to China, amounting to Yen 10,000,-000 annually. The experts of marine products from Japan to China in the past have been conducted mostly through the medium of Chinese merchants with the payments made only twice a year. Under the circumstances, the Japanese merchants with poorer financial backgrounds have been forced to give way to Chinese merchants. In order to dispense with such irrational practices, and to smoothen transactions concerned, we plan to establish a giant distribution control organ through the joint participation of the Japanese and Chinese parties in the near future. In connection with the control of Japanese and Chinese fishery

activities in the Eastern China Sea, we plan to establish the North China Marine Products Company in Peiping and the Kachu (Central China) Marine Products Company (Provisional name) in Shanghai. Although those two bodies may be amalgamated in the future, we plan to place the fishery industries in China under the double-barrelled control for the time being. Those two marine products companies will be tasked with the adjustment of interests for the Japanese and Chinese fishing activities and the maintenance of the present fishery resources. For the time being, the advance of other new fishery companies will be checked as much as possible. "The two foregoing marine products companies will be capitalized at Yen 10,000,000 each, to be financed on equal terms by the Japanese and Chinese sides."

Sino-Japanese "Cooperation"

Further evidence of forced Sino-Japanese "cooperation" is seen in the following reports:

In an interview with the press, Wang Tse-hui, Minister of Industry of the "Reformed Government" declared that efforts are being made to develop mines in Central China. A geological survey committee has been organized by the "Reformed Government" according to Wang and will investigate the mining conditions in Kiangsu, Chekiang and Anhwei Provinces. At Tungshan (Chiawang), the coal deposite is estimated to exceed 30,000,000 tons. Large quantities of coal are found at Changshing, Suhsien and Chuanchen. In Anhwei alone, there are over 20,000,000 tons of iron ores, according to Wang, and large quantities of iron ore have been produced in Tungshan, Kwenchang and Tunglin.

A committee of twenty members have been organized to draft plans for the development of mines in Central China. Based on the principle of Sino-Japanese co-operation, the committee will have control of the various mines in the area. Representatives of the "Government" have been sent to various districts to investigate the condition of the old mines but they are so far unable to carry out much of their work because of the activities of bandits (guerillas).

Local silk filatures, including the Ewo, Fuloong, Lien Chen, Hungfoong and Foong Loh Silk Filatures, are purchasing cocoons in the villages of Kiangsu and Chekiang Provinces through Japanese merchants. These merchants with special permission of the Japanese military authorities have organized a number of agencies in different parte of the two provinces and are purchasing cocoons at a price of $20 per 100 catties. It may be recalled that price for cocoons last year was $35 per 100 catties. Refusing to sell their cocoons at this low price, numerous farmers are reeling silk themselves in an attempt to sell silk at a higher price in the future. Many farmers are shipping their cocoons to Central and South Chekiang, where the Chinese Government is buying cocoons at the usual price of $35 per 100 catties. In may be noted that the Japanese agencies in the villages have the protection of Japanese soldiers and there is little chance for the farmers to bargain for a better price.

When Chinese salt merchants refused to co-operate with them in transporting salt to Shanghai from the salt-producing centers, authorities of the puppet regime in Nanking took definito measures to control the sale of salt in Central China, according to well-informed circles. The Bureau of Salt Revenue organized by the puppet regime for Kiangsu, Chekiang and Ahnwoi Provinces, has been instructed to organize a Tung Yuan Salt Company to transport salt to Shanghai and to have control of all salt business in the Japanese-occupied area in Central China. It is reported that the Japanese occupied areas in Kiangsu and Chekiang have been devided into nine districts by the Bureau and a branch office of the Tung Yuan Salt Company will be organized in each district to sell salt. No other companies in these districts will be allowed to sell or transport salt. The Chinese salt merchants have expressed their opposition to this plan and it is believed that the puppet regime will not be able to carry out its plan without their co-operation.

Chinese Labor and the Japanese

Along the labor front, there are also signs of increasing "cooperation" with the Japanese. Larger numbers of Chinese men and women workers are being taken across the Soochow Creek daily to work in the Japanese-operated factories in the eastern area, Shanghai labor experts who have studied the situation, say.

While no complete census has been taken recently on the number of workers now employed in factories operated by Japanese, it was stated that the number is being increased at the rate of several thousand per month. At the beginning of May a survey made by the Industrial Section of the Shanghai Municipal Council showed that the Japanese were the leading labor-employers in Shanghai, operating a total of 33 factories and having 21,325 workers on them payrolls. At the present rate of increase, local industrial experts believe that the labor force used here by the Japanese will shortly top 30,000.

In Yangtszepoo, Pootung and other areas in Shanghai under their control, the Japanese today are not only operating their own factories but also plants which formerly belonged to the Chinese. It was explained that several Chinese textile mill owners, threatened with outright seizure, have consented to operate their plant with the Japanese on what is known as a "partnership" basis. This scheme genetally gives the Nipponese a 51 per cent interest while the Chinese owners retain the remaining 49 per cent. Mills operated under this scheme, it was stated, are being financed by the Chinese owners. The latter are also furnishing practically all of the raw material as well as the money required for putting the plants back into working order, it was explained.

Meantime, the Japanese are also rapidly gaining control over more local factor.es by the outright seizure of some of the largest Chinese industrial establishments. One of these is the Wing On No. 2 Cotton Mill located at Woosung, which the Japanese are now making arrangements to re-open. One of the largest textile mills in China, the Wing On plant normally employs some 11,000 workers. Japanese engineers are now repairing the mill which is said to be due for resumption shortly.

Another factory which the Japanese are planning to re-open is the Shanghai Portland Cement Works at Lunghua, which is one of the two large plants of its kind in this part of the country. Privately-owned by Chinese industrialists. the plant was seized by the Nipponese when their troops occupied the Lunghua area. A large group of Japanese engineers and technical experts: have visited the plant and perparations were started sometime ago for resuming production. Recently, the former Chinese management of the cement works received reports that the Japanese have started to recruit Chinese workers in their preparations to re-open the factory. Industrial experts pointed out that despite the gradual re-opening of factories the wage scale here is still at an extremely low level. Survey shows that in most cases factory wages, including the wage scale of Japanese-operated factories, stand at about 30 per cent of the pre-war level.

U. S. Capital to the aid of Japan?

All of these gigantic schemes for the development of North China appear imposing on paper, but they all take cash to develop. That is why Japan is looking toward Germany, Italy and America for capital with which to put these plans into operation. A report in the *Asahi Shimbun* is interesting in this respect. The *Asahi* says:

"The fact that the industrial development activities in North China have reached the state of concrete execution in parallel with the progress of the schemes related to the establishment of various control companies affiliated with the North China Development Company is steadily proving to be a worry to the American and European capitalists closely concerned and interested in the economic activities of North China, and apparently causing them to feel the urgent necessity of changing the situation in favor of them. The authorities on the spot are endeavoring to respect the vested interests of the countries concerned and to give them a chance for capital co-operation. The authorities on the the spot are attaching the biggest expectation to the investments of American capital in North China, especially in the development of the heavy industrial resources, and are now studying concrete measures for the invitation of American capital.

Regarding the Barter System

The visit of the German and Italian Economic Missions to North China is attracting close attention in circles concerned from the standpoint of the political relations among Japan Germany and Italy. The Italian Economic Mission was to, visit China early in June, The trade relations between Italy and North China have been quite insignificant in the past. In this connection, the promotion of trade between the two countries by the adoption of the barter system is under consideration. The German Economic Mission is scheduled to visit North China soon after the visit of the Italian mission. The German capitalists have exchanged views and opinions on many occasions with the Japanese authorities on the spot relating to the promotion of trade with North China. On the basis of the past trade results, Germany has ranked third, coming next to only Japan and U. S. A. in the trade with North China. Under the circumstances, the opening of a conference to deliberate upon the conclusion of a trade agreement between Germany and North China, after the manner followed in Manchukuo, is possible."

The commercial attache to the German embassy in China recently asked the Japanese military authorities in China and the Japanese embassy to effect the German purchase of Mongolian wool on a barter basis, that is, in exchange for the German export of machinery to the part of China under the provisional government. The price of the German machinery imported will be paid with notes of the Federal Reserve Bank of China with which Germany will buy Mongolian wool. The Japanese military authorities in Peiping are understood to be ready to assist as much as possible in the negotiations, provided that the proposed trading does not interrupt military operations. Meanwhile, it will be recalled that the Krupp and other German machine manufacturers recently asked the Japanese military authorities here to assist in concluding a barter trade agreement involving sales of their machinery to North China.

Why Industrial Cooperatives?

BY JOHN FAIRNSWORTH

"During national crisis, such as China is now facing, the most serious danger is the gradual economic decadence, which would eventually lead to the general collapse of the nation."—Generalissimo Chiang Kai-shek.—

THE Chinese nation is today confronted with the gravest life-and-death struggle in all its long history. Shall the Chinese people be forced back into agricultural feudalism as a colony for Japan to exploit or shall they march forward with the free and independent peoples of the earth? Shall the resources and labor-power of China be turned over to the Japanese, or shall they be utilized by the Chinese themselves?

These are not rhetorical questions. They are historical questions of the greatest magnitude. On their solution hinges the fate of China. And they cannot be solved by wishful thinking nor even by rifle-shots alone. Military resistance is only half the answer. The other half lies in economic resistance. It is not enough to mobilize at the front. The productive power of the nation must also be mobilized in the rear in second, third and fourth lines of economic defense.

Japan has mobilized in the rear. Japan has attacked economically. China has hardly even tried to defend herself economically, much less has she prepared for an economic offensive. Japan's first act of war was to destroy or seize all of China's most advanced economic bases. Japan's bases remain intact. *In the seizure of the Shanghai area alone Japan immobilized nearly 70% of all modern industry of China!*

It is said that "an army fights on its stomach." Today this is truer than ever, in the broadest sense: an army fights only as long as its economic bases—the means of production and production itself—are kept functioning and beyond reach of the enemy. Without an industrial bases no modern nation can hope to survive. Without industrial bases no modern army can continue to fight. China will not be able to defend herself against colonization in the future unless she re-builds her industrial bases immediately. How can this be done?

It will not be too easy, because:

China has little capital.

China has little heavy industry to make machinery for big factories.

Conditions are too unstable for big factories to be built except in the farthest corners of the most remote provinces.

China's modern means of transportation are almost exclusively needed for military purposes. Such transport is lacking to carry manufactured goods from the great cities to the interior markets.

In occupied areas no effective boycott against Japanese goods can be organized because Chinese-made goods are not available to take the place of enemy goods.

Hard economic necessity is hatching out "traitors" in all Japanese-occupied areas, because China does not provide productive employment for her starving unemployed.

China may be conquered by her own weight. Thirty million refugees have swarmed into the interior where they must eat, but where they can create nothing to take the place of what they consume, unless they can be absorbed into new forms of production. And 40 or 50 million destitute farmers in the occupied areas, must either engage in processes of production helping the Japanese—or die.

But there is another side to this dark picture:

China has unlimited labor power, and unemployed trained factory workers. War refugees and wounded soldiers are available in hundreds of thousands to start new industry.

China still has enough raw materials and natural resources in the un-occupied areas to build up new industries, even though rich areas are already in the hands of the enemy. But these resources cannot be utilized because of lack of transport facilities to send them to the urban industries.

The automatic wartime blockade also creates a favorable condition for the development of industry in the interior towns and villages.

The longer China can hold out economically against Japan and provide for her own market, keeping out Japanese goods the nearer Japan approaches economic collapse.

There are tens of thousands of patriotic students, teachers, engineers, trained factory managers and others standing around idle, but anxious to get busy reconstructing the economic and cultural life of their nation. *They only need to be given work to do.*

That is the situation. What is to be done about it?

Parrish in the Chicago Tribune

A Solid Industrial Defense Needed

In the first place, it may be said that the Government already fully realizes the necessity for building new industries in the interior, and much is being done. That is true. The Government urges industrialists to move to the interior. But its energies to date have been almost entirely absorbed by the rebuilding of a few big key industries—textile, chemical and steel, for example. Actually very

little has been done to create the basis of a permanent new industrial economy, capable of withstanding the shocks of war, and built up through innumerable small de-centralized shops manufacturing the thousand and one articles formerly produced by China's lost industrial plant in the lower Yangtze.

At the same time, in Shanghai, where it must be remembered most of China's industry was formerly concentrated, a new phenomenon is observable. There in that tiny part of the oasis of the International Settlement still unoccupied by the Japanese, hundreds of new Chinese factories are springing up—representing the investment of more Chinese capital, and the sequestration of more Chinese labor, that will soon go the way of Chapei, Hongkew, and Manchuria. Even if Chinese in the Settlement should retain some measure of political freedom, their operations in Shanghai can, in effect, only serve to strengthen the Shanghai area as an economic base for Japanese imperialism.

In actual figures, during the first four months of 1938 over 800 new Chinese factories were established in the western district of the International Settlement. During the same period less than 50 Shanghai Industrialists moved their plants to the interior of China! This is a cause for widespread alarm.

At the same time, in the interior, the Government has made very marked progress in organizing and supporting the agricultural cooperative movement—consumers, marketing, and credit cooperatives. It has thereby strengthened the rural purchasing power, and improved a market which was anyway given extraordinary "protection" as a result of the automatic blockade enforced by the war. Thus here is this paradox: an improved rural market and increased purchasing power for manufactured articles in the interior, but an industrial production enormously reduced and incapable of meeting the demands. Government-supported agricultural cooperatives have succeeded in increasing agricultural output, but private capitalist initiative alone cannot begin to increase the industrial output on anything like the scale needed.

It is urgently necessary, therefore, to adopt emergency measures. What is here advocated is the combination of a cooperative idea, which has worked so well in agriculture, with such industrial technique as China possesses, in a great new Government-backed popular movement for quickly rebuilding China's industrial productive power. Only in this way can the economic necessities of China's new military, social and political position be satisfied in the shortest time possible.

No Competition Intended

It must not be supposed that Industrial Cooperatives are in any way competitive with private industry. On the contrary they aim to supplement and stimulate the growth and development of private industry in every way possible. Nor can cooperative industry be anything but advantageous to heavy industries operated by the Government or jointly by the Government and private industrialists. Largely mobile in its equipment, the industrial cooperative is primarily a *light industrial undertaking*, and as such can furnish a valuable industrial feeder and adjunct to such heavy industries.

Big industries located in the interior cities in order to be near power plants and modern transportation are naturally indispensable as basic industries of war and peace. They must be built and encouraged as long as feasible; which means, however, only as long as big cities can be held by the Chinese army. It is reasonable to assume, however, that few of such industries can be permanently secure, because it is highly likely that Japan will seek to occupy *all* great cities and all the railways of China. Japanese attack is primarily directed at urban economy, which is based on modern means of production and distribution. In order that the eventual loss even of *all* the cities need not paralyze China's processes of industrial production it is urgently necessary, therefore, that auxiliary lines of economic defense, consisting of numerous small light industrial plants be located in the hinterland towns and villages. These plants can continue to function even *after* Japanese penetration of the main communication centers, provided they are built up *now*, based on China's own resources, in *advance* of the Japanese occupation.

Industrial cooperatives can fulfill a primary economic task of immediate importance in the rural community and for military resistance based on the rural masses, while they perform a secondary or complementary task for the urban community, and military resistance based on the cities and modern communications system. Scattered throughout the hinterland, industrial cooperatives can become the economic basis for prolonged resistance in every hsien, every town, every important village. They can alone maintain a market for China's farming population, even if China's cities and railways are all lost.

Industrial cooperatives as a partnership between the Government, the workers, the consumers, and in some cases the army, can immensely strengthen the unity of the country, and give a constructive meaning to the "scorched earth" policy. All movable machinery and means of production in urban areas threatened by invasion must be requisitioned by the Government in advance of the Japanese penetration, and transported to the interior, to be made the basis of cooperative production. Japan has already broken up thousands of tons of Chinese machinery, which the Government and Chinese industrialists failed to remove. Even today she is shipping back to the Islands an average of 26 tons per day of scrap iron being melted down in Shanghai. The Government should not wait for this to happen in still unoccupied areas. It should insist upon removal to the interior now of all machinery from coastal and interior cities in imminent danger. Owners who refuse voluntarily to move their machinery from the cities should be subject to requisition proceedings after being allowed a fair time period. Their workers should be offered cooperative employment in the interior.

Three Types of Cooperatives

Industrial cooperatives can be of three types: (1) largest units, utilizing power-driven machines, each employing from 30 to 50 workers, and located in the west, southwest, and northwest, performing primatily complentary functions in the Government's big industries program; (2) Medium-sized units, located between the front and the rear, using machine tools which can be moved on notice of two or three weeks, and which can be broken up into the third type of cooperatives, operating near the front; (3) The smallest units, functioning in or near or even behind the front, on the flanks of enemy areas, will use only the lightest, easily portable tools, and will have two special functions: (a) to provide articles of immediate necessity to the military forces and (b) to serve as centers of economic organization, providing manufactured articles, farming implements, etc., necessary for the agrarian population, and preventing such areas, adjacent to Japanese garrison zones, from falling victim to Japanese economic imperialism, and from being colonized by Japanese goods.

The service of production cooperatives in alleviating the suffering of refugees and unemployed workers is a primary one. Half a million factory workers have been rendered destitute by the war. Industrial cooperatives can not only utilize all available raw materials and resources in the interior, and mobilize new capital resources, but can help fully to mobilize China's labor productive power, and keep skilled workers from becoming virtual salves of the Japanese-owned industrial plant in the occupied areas. They can absorb large numbers of refugees, and their families, and divert millions of dollars now being spent to maintain non-productive refugee camps, where starving Chinese are merely kept alive until such time as the Japanese wish to exploit them in strengthening their own self-sustaining bases in China.

Finally, not least of the functions of Industrial Cooperatives is their educational value. They can provide a new program for patriotic organizations, taking them out of the slogan-shouting stage and putting them to work in the actual work of a vast new economic army of resistance in the hinterland. Industrial cooperatives as a progressive economic and social movement would attract interest and support from groups all over the world, as a definite constructive result of the war in China. Their publicity value alone would be worth the Government effort in promoting them.

The British Cooperative Socitey, the League of Nations, Labor parties and groups in America and Europe, many cooperative societies in countries like Sweden, Denmark, the Netherlands, Finland, etc. would, inquiries have already indicated, be willing to render important technical assistance. Loans or gifts might later on be secured from such sources. Thousands of friends of China abroad want to help lighten the sufferings of the Chinese people, but do not know how. The Industrial Cooperative movement can offer an organization through which official and unofficial, Government and private, help of every kind can be given to China's cause. Meanwhile, precious *time* is being lost. Every day's delay in the salvaging of China's resources of machines and skilled human labor ultimately means a further unnecessary sacrifice in terms of human life. 30,000 Industrial Cooperatives can rebuild the productive power already immobilized by Japanese imperialism! 30,000 industrial cooperatives mean new life for millions, a new economic offensive for China, and the economic basis for victorious peacetime reconstruction!

Without some such system, not Japan not China will suffer economic collapse after the disintegration of the Present urban bases of Chinese economy!

With Industrial Cooperatives as the basis of a great rural mass movement welding together millions of Chinese farmers, workers, students, merchants and soldiers, Japan will never be able to conquer the riches of China's hinterland without which she will suffer economic collapse herself!

Korean Friendship Magazine to Be Published Here

A Korean named Ri Koh-nei, who recently was brought to Shanghai by the Japanese and made president of the new Korean Residents Association, has announced his intention of starting a magazine to be known as *Shanghai and Koreans*, the object being to promote cultural relationships of Koreans. Another Korean, who also arrived recently, named Riu Ki-riu, has announced his intention of promoting friendship between Koreans and Chinese. Both the newspaper and the friendship movement have been approved by Major-Gen. Noburn Mayeda of the Seoul Young Men's Association.

According to the *Domei* report on June 12 the Koreans will urge the Chinese to give up their anti-Japanese ideas "as the Koreans have done."

U. S. Losing Millions in Japanese Trade

TRADE with Japan is costing America hundreds of millions of dollars in lost buying power, Capt. F.X.A. Eble, Managing Director of the Made in America Club Inc. and former U.S. Customs Commissioner, revealed to America in a survey. The survey, convering trade conditions between the United States and Japan and China, was prepared for the United Council for Civilian Relief in China.

Capt. Eble estimated that the United States suffered a loss of U.S.$150,000,000 in buying power in 1937 as a result of trade with Japan. He contended that over 40 per cent of U.S. imports from Nippon during the year were in direct competition with domestic industries, while more than 50 per cent of U.S. exports to that country consisted of goods in which the labor involved created little buying power here, such as cotton and scrap iron. On the other hand, Capt. Eble's survey showed that similar ruinous competition would not exist in trade between the United States and China, a country where the buying power of about 30,000,000 people has ceased since the present war began.

China Purchases

China, being an agricultural nation, last year purchased machinery and other products in which a large proportion of sales value went to labor, while only a negligible part of her exports could be considered as competing with domestic industries, Capt. Eble said. "Of the total imports from Japan in 1937," Capt. Eble said, "fully 40 per cent or U. S. $84,000,000 were in direct competition with American made merchandise. Included in the competitive classification were: U.S. $27,730,000 food products; U. S. $6,664,000 cotton manufactures; U. S. $12,068,000 cotton textile; U.S.$3,402,000 silk manufactures; U.S.$4,336,000 wool products and manufacturesz U.S.$4,909,000 chemicals; U.S.$7,250 000 chinaware, pottery and similar products. On the last item alone," Capt. Eble declared, "last year American labor sustained a net loss of U.S.$54,995,950."

Capt. Eble said that the Japanese wage scale for potters is approximately six cents an hour, compared with the American wage rate of 70 cents an hour. Since roughly 65 per cent of sales value of pottery and chinaware products goes to labor, America bought 78,508,500 working hours, which were lost to American workers. He applied the same formula to the other items on the import list. He concluded his report by saying, "anyone who thinks we have a favorable balance in our trade with Japan is greatly mistaken."

Japan's Exports to U.S. Halved

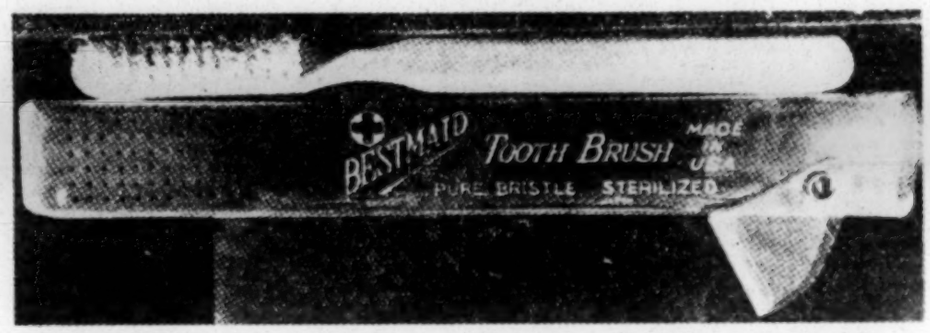
Imports to the United States from Japan during the first four months of the year were almost fifty percent lower than during the same period last year, the Department of Commerce announced recently in Washington. Exports to Japan, however, declined only about ten per cent.

Through April imports from Japan totalled U.S.$40,831,000 compared with U.S.$74,164,000 in the first quarter last year while exports amounted to U.S.$91,379,000 compared with U.S.$104,261,-000. Imports in April totalled U.S.$10,519,000 compared with U.S.$20,428,000 and exports reached U.S.$28,837,000 compared with U.S.$26,939,000. The United States imported U.S.$15,148,000 worth of goods from China in the first four months of the year compared with U.S.$39,343,000 last year. Exports to China totalled U.S.$13,913,000 compared with U.S.$20,358.

Want Foreign Trade Improved

Recommendations designed to improve Japan's foreign trade submitted by five representative economic organizations are now being given careful consideration by Seihin Ikeda, new Minister of Finance. The five organizations making the suggestions include the Central Council of the Exporters' Guild and the Federation of Economic Organizations. The recommendations include the following:

1. Unification of business relating to permits for imports and foreign exchange;
2. Prevention of price increases on merchandise for export;
3. Permission for fairly large imports of raw materials for promoting outgoing trade;
4. Linking or incoming and outgoing rtade so that the amount of exports figures can be filed by a central bureau which in turn will allot quotas on imports to importers' guilds:
5. Promotion of imports of raw materials on condition that they will be used for exporting finished goods;
6. Encouragement of transactions in samples;
7. Promotion of imports of raw materials from North and Central China;
8. Easing of the credit situation for industrialists and traders with limited resources;
9. Enlargement of conditioning houses for exports;
10. Granting of subsidies for joint facilities establish by various exporters' or manufacturers' guilds.



According to the *American Observer* (Washington, D. C.) the Japanese have renamed a small town in Japan, "USA" as a means of getting around foreign boycotts of Japanese merchandise. The word Japan appears on the container of the toothbrush, but in such small type that it may easily pass unnoticed. However, another report in the New York *Daily News*, stated that a firm known as the New York Merchandising Company, had claimed the toothbrush was made in the United States, although the celluloid case had been made in Japan. In this connection, Robert Benchley, writing in *Harper's*, notes that "the Japanese seem to have hit upon a good scheme to sell their goods in a world market. They just change the name of the manufacturing town to suit the market taste. When the Swedish match manufacturers patented "Made in Sweden" the Japanese quickly named one of their islands Sweden and made matches there. Recently they rechristened a village "Macclesfield" and now sell "Macclesfield silk," thus doing away with any little prejudices English buyers may have against Japanese silk. The opportunities in this system once you overcome a slight squeamishiness in your ethics department, are limitless."

Promotion of Exports

In connection with improvement of Japan's export trade, Ikeda announced last week that he would start drafting concrete measures for the acceleration of imports of raw cotton, in the hope that exports would benefit, the *Chugai Shogyo Shimpo* reported. Apropos the trade situation, Ikeda remarked:

"The Government received suggestions from five private economic bodies relating to the methods of promoting exports. Some of those suggestions have already been in operation. The Ministry of Commerce and Industry will pick up some of the measures contained in the suggestions which are possible of immediate operation and will place them into realization. I believe that the promotion of exports should be taken up first of all things now. As the first step for the promotion of exports, the alleviation of the import restriction upon raw materials is essential. In this connection, I instructed the experts in charge to draft a plan for the import alleviation for raw cotton. Care should be taken that raw cotton imported by the alleviation of the import restriction should not be used for manufacturing goods for domestic use, and steps should be taken to check such a tendency. We have received petitions from rubber industrialists relating to the scarcity of rubber materials, but I think that some sacrifice or other should be withstood at this moment."

Confidence in Ikeda

Japan's business world have given a unanimous "vote of confidence" to Ikeda, once the guiding spirit of the Mitsui interests. In a statement made public June 8 by the powerful Federation of Business Organizations, the nation's businessmen said they fully supported the financial and economic policies propounded by Ikeda.

The statement expressed admiration for Ikeda's experience and "realization of the errors of former economic policies" and offered him the buisnessmen's co-operation in his work. The Federation includes representatives from the Japan Chamber of Commerce and Industry, the Japan Economic Federation, the Tokyo and Osaka Clearing Houses, the Local Bankers' Association, the Federation of Life Insurance Companies and other important organizations.

Popular Japanese Baseball Player Killed In Kiangsu Fight

Takeo Nagai, formerly leading player on the Keio University baseball team, was killed recently in a battle with Chinese troops at the town of Kuolichi, northern Kiangsu, on the Grand Canal. Nagai was a corporal and had been in active service on the North China and Shantung fronts.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First six months of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts has been published in book form.

May 16.—Severe fighting continued in west Shantung, where Chinese evacuated Kinghsiang yesterday. Small Japanese detachment said to have reached two villages, 20 kilometers northeast of Kaochen, which is northeast of Lanfeng on Lunghai Railway. But Japanese spokesman's claim that Japanese troops had cut Lunghai near Kaifeng was denied, as the Japanese column raiding the line had been dispersed by Chinese forces at Kaochen.

Japanese detachment which appeared about 14 miles southeast of Tangshan, west of Hsuchow, driven back by Chinese; Tangshan still in Chinese hands. Hankow authorities not pessimistic over situation in Huschow area. Army spokesman declared: "Even if we lose Hsuchow, China must and will carry on."

Domei reported Japanese troops were only 18 kilometers southwest of Hsuchow after capturing Hsiaohsien, (24 kilometers southwest of Hsuchow). Japanese army communique from Peiping claimed that Japanese troops had cut Lunghai Railway east of Kaifeng, Honan capital. Gen. Count Terauchi, Commander-in-Chief of Japanese Forces in North China, had advanced his headquarters to undisclosed point to direct operations of Japanese troops advancing on Hsuchow.

May 16.—Chinese military spokesman said that in Shansi Chinese forces had recaptured 34 cities, previously occupied by the Japanese, and that, from March 7 to May 10, the Chinese in Shansi had "inflicted Japanese casualties totalling 27,780 killed and wounded."

May 16.—Three Japanese officials, accompanied by Japanese member of Shanghai Municipal Police, visited Shanghai First Special District Court, but made no attempt to seize control. Court heavily guarded during call of Japanese. Officials of Shanghai Municipal Council as well as members of Foreign Consular Body said to be taking precautions against possible attempt of Japanese troops to seize the insitution.

May 16.—Sun Fo, Chinese Legislative Yuan President, departed from London for Moscow on second visit under instructions of Chinese Government.

May 16.—Tokyo cabinet facing serious crisis because of controversy arising from triangular struggle for control of proposed "Central China Affairs Organ" among the Premier, Army and Foreign Office. Resignation of Foreign Minister Koki Hirota rumored.

May 16.—Shanghai Customs monthly returns of foreign trade for first four months of this year, revealed huge losses. Net imports during period from January to April totalled $67,098,688, a drop by more than $167,500,000 from the total of $234,575,641 for the same period in 1937.

Exports also suffered severely, the total for same period being only $21,378,410, as against the net total of $70,544,763 from January to April 1937.

Total net imports to Shanghai for April amounted to $15,314,687, while exports totaled $3,228,196.

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May 17.—Heavy fighting at two points on Lunghai Railway, west of Hsuchow; Japanese detachment appearing at Huangkuotsi, east of Tangshan, subjected to severe attack by Chinese troops advancing westward from Hsuchow; commander of detachment reported killed. Another Japanese unit which appeared at Laihuan, east of Lanfeng, allegedly repulsed. So far Japanese attempts to establish position on Lunghai Railway unsuccessful. Deep anxiety prevails at Hankow regarding situation in Hsuchow area; military authorities remain calm.

Claimed Japanese artillery bombarding walls of Hsuchow from positions on top of the Pawangshan, hill 8 kilometers west of city; bombardment started 3 p.m.

Japanese military spokesman claimed capture of Suhsien, on southern sector of Tientsin-Pukow Railway, "imminent." Japanese flying columns now within 15 kilometers of Hsuchow, he added.

Evacuation of Hofei, important city in Central Anhwei, by Chinese forces, admitted in Hankow, but fighting continuing on outskirts of town.

May 17.—Rumors in Shanghai that Gen. Chiang Kai-shek had "fled" to Chungking denied at Hankow. Report that he was in critical health also denied. After extended tour of Lunghai and Peiping-Hankow Railway fronts, Gen. Chiang presided at meeting of Hankow Office of Kuomintang yesterday (May 16.).

May 17.—Gen. Chen Chi-tang, former Kwangtung military Commander, sworn into office at Chungking as member of National Government Council.

May 17.—In regard to attempts by Nanking "Reformed" Government to take over control of Shanghai 1st Special District Court, Japanese Embassy spokesman issued statement, describing such action as "natural."

May 17.—Some 170,000 Shanghai war victims facing famine; food supplies for only one month left; funds near exhaustion. International Red Cross issues appeal for $1,000,000 contribution.

May 17.—Joseph Grew, U.S. Ambassador to Japan, protested to Foreign Office, against refusal of Japanese military to permit American nationals to return their homes in Nanking.

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May 18.—Fight continued along Lunghai Railway between Lanfeng and Minchuan, points 25 miles apart, as Chinese try to prevent Japanese from establishing themselves on the line. Japanese detachment which occupied Laihuan station, east of Lanfeng, repulsed after severe Chinese attack. Another Japanese detachment said to have reached Kwotisi, village northwest of Minchuan.

Despite heaviest Japanese aerial bombardment since May 9, Chinese forces still holding out at Chuyai, west Shantung, according to Chinese reports.

Japanese forces which captured Yutai and Kinghsiang, southwest Shantung, were advancing southward toward Lunghai Railway.

Death in action of two Chinese generals announced in Hankow; Gen. Li Pi-fan, Commander of Hunan Division at Tsaochow, Shantung, and Gen. Chow Yuan, deputy Division Commander, at Mengchan, Anhwei.

Japanese reports that Japanese guns were shelling city walls of Hsuchow and also that the Chinese were dynamiting Yellow River dykes ridiculed in Hankow. Chinese circles pointed out that Hsuchow had no city walls at present and that old Yellow River bed was bone-dry.

May 18.—**Domei** claimed Japanese troops captured Changchwang, 6 kilometers from west gate of Hsuchow, at 8.10 p.m. Japanese Army Headquarters in Shanghai announced occupation of Suhsien, on Tientsin-Pukow Railway, 65 kilometers south of Hsuchow.

Chinese military communique received at Hankow from Hsuchow charged that "Japanese troops used Chinese flags and Japanese airplanes had Chinese emblems painted on their wings."

May 18.—More than 10,000 corpses, removed from war zones in vicinity of Shanghai, were disposed of by Health Department of Shanghai Municipal Council during April. Of this number, 8,009 cremations were carried out, bringing total of cremations to 29,408 since early this year.

May 18.—Miss Iris Wilkinson, New Zealand journalist, feared lost on Hsuchow front; last seen week ago.

Party of foreign journalists who arrived at Hankow from Hsuchow by train reported constant Japanese airbombing of Lunghai Railway. Garden Hotel, at which they stayed while in Hsuchow, was completely demolished during Japanese air raid only one day after they had left.

May 18.—R.A. Butler, British Under-Secretary for Foreign Affairs, declared in House of Commons that he had received reports during recent Japanese landing in Amoy, Japanese troops had machine-gunned women and children and shot Chinese prisoners on Amoy Bund.

May 18.—Vice-Admiral Percy Noble, Commander-in-Chief of British Fleet in China Waters, returned to Shanghai after first trip of inspection of Yangtsze posts.

May 18.—Sun Fo, President of Chinese Legislative Yuan, arrived at Moscow (May 17) on second visit.

May 18.—Ling Kang-hou, Chief-Secretary of Shanghai Chinese Bankers' Association, departed from Shanghai for Europe to attend International Labor Conference at Geneva as employers' delegate from China.

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May 19.—Japanese claim of occupation of Hsuchow denied by Hankow military spokesman. Situation in Hsuchow described as quiet "except for appearance of small Japanese detachment at Paiwanshan hill, west of Hsuchow." Chinese planes heavily bombed Japanese positions around Hsuchow. Japanese mechanized units and troops northeast of Yungchang also bombed. Chinese forces advancing southward from Lunghai Railway reach northern suburbs of Yungcheng.

Chinese dispatches received at Hankow from

Hsuchow state severe fighting in progress along entire section of Lunghai Railway from Hsuchow to Lanfeng, but especially at Hsiaohsien, southwest of Hsuchow; Huangkou and Lichwang, stations between Hsuchow and Tangshan; and Laihuan and Yifeng, stations between Kweiteh and Lanfeng.

Domei reported Japanese troops had entered Hsuchow and capture of city had been "practically effected." Chinese forces said retreating from north and east gates of Hsuchow.

May 19.—Changchow, Shima, Tungan and other towns near Amoy heavily bombed (May 18) by Japanese aircraft. British and American marines patrol Kulangshu island, where condition of refugees desperate.

May 19.—Koki Hirota, Japanese Foreign Minister, in interview with **Reuters**, explained Japan's China policy.

Declined to commit himself on question whether Japan is likely to denounce the Nine-Power Pact in the near future;

Emphasized that the maintenance of the Open Door in China is a fundamental policy of the Japanese Government;

Declared that the differential revision of tariffs by the "Provisional Government" of North China was unavoidable and indispensable;

Saw no immediate likelihood of an exchange control law being enacted in the Japanese-occupied areas in China:

Gave assurances that Japan would continue to protect third-Power commercial interests in China;

Expressed opinion that the "Renovation Government" in Central China appeared to have no present intention of establishing a bank similar to the Federal Reserve Bank in North China; and

Voiced the hope that Japanese imports into China would shortly pay the normal Customs dues.

May 19.—Japanese sponsored "'Reformed" Government at Nanking preparing to establish opium and narcotic monopoly for areas surrounding Shanghai, according to report in **The China Press.** Organization of "Opium Transportation and Sales Bureau" to push sales planned.

May 19.—Over 200 persons killed and injured as result of head-on train collision on Canton-Hankow Railway on night of May 16, according to reports received at Hongkong.

May 19.—Three hundred opium dens and 100 opium shops officially permitted to operate in Peiping by "Provisional" Government.

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May 20.—First time since start of Sino-Japanese hostilities, as first time in Japan's history, Chinese airbombers raided Japan Proper early this morning, according to official Chinese reports. Chinese bombers flew over Kyushiu, Osaka, Sasebo Naval Base; dropped thousands of leaflets over these cities but **no bombs.** The raiders took off from secret base at midnight and reached Kyushiu about 3 a.m., whence they flew over to Osaka and Sasebo. The leaflets dropped by the raiders assured Japanese populace that Chinese had no enmity towards Japanese people or Japanese Imperial Household, and expressed hope that Japanese people would rise and oppose invasion of Chinese territory by Japanese militarists. After compleing flight, the raiders returned home and arrived at Hankow airfield at 11.30 a.m. The aviators were greeted at airdrome by large number of high government officials headed by Dr. H. H. Kung. Eight Chinese airmen participated in the raid, in two bombers, four persons to each plane. Reports of Chinese air raid unconfirmed in Tokyo; local Japanese authorities said reports of Chinese raid were "purest imagination."

May 20.—Japanese troop concentrations and Japanese airdrome in Pengpu, southern Anhwei, bombed by Chinese aircraft. Aerial battle between Chinese and Japanese pursuit planes staged above Lanfeng, on Lunghai Railway.

May 20.—Hsuchow completely occupied by Japanese forces yesterday (May 19), according to communique issued by Tokyo Imperial Headquarters.

News of fall of city received quietly in Japan; rejoicing moderate due to warning of war office.

Japan Times, commenting on capture of Hsuchow, said "Undeniably the Japanese people were greatly surprised to learn that when our forces neared the city walls of Hsuchow there were but a thousand Chinese soldiers to offer resistance."

Domei stated Japanese would continue drive westward along Lunghai Railway.

According to reports received at Hankow, Japanese detachments were approaching Hsuchow from northwest and southwest, using 8-inch guns to shell city.

Japanese in Shanghai staged "victory parade" in Hongkew in celebration of capture of Hsuchow.

Four Shanghai foreign newspapermen including representatives of **Associated Press** and **Reuters**, departed for Hsuchow in Japanese military plane to inspect scene of hostilities.

May 20.—"Unqualified abandonment by former Nanking Government of its anti-Japanese and pro-Communist policies is what Japan expects of China in present conflict," Rear-Admiral N. Nomura, new Japanese naval attache, declared in his first interview with foreign correspondents in Shanghai.

May 20.—Tokyo Newspapers said fall of Hsuchow would not mean end of hostilities. It is "premature" to believe, Tokyo **Nichi-Nichi** and **Miyako** declared, that fall of city is serious blow to Gen. Chiang Kai-shek or that it will invite complete collapse of Hankow administration.

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May 21.—Evacuation of Hsuchow on May 19 by Chinese forces confirmed at Hankow; Official announcement stated: "Since the Chinese aim was to protract hostilities, there is no point in defending Hsuchow at unnecessary sacrifices. The Chinese command, therefore, ordered evacuation of Hsuchow on the night of May 10, withdrawing Chinese troops defending the city to undisclosed positions."

Heavy fighting proceeding northeast of Lanfeng, on Lunghai Railway, 30 miles east of Kaifeng, Honan capital. Situation at Lanfeng previously reported critical, when Japanese division launched attack, but threat to city was removed by timely arrival of Chinese reinforcements who launched a counter-attack.

May 21.—**Reuters** special correspondent with Japanese armies on southern Tsin-Pu front reported Chinese forces driven from Hsuchow to the east and separated from their comrades by Japanese entry into the city were trying to rally and fight their way westward across Tsinpu Railway tracks to join main body of Chinese armies round Kweiteh. Position of Chinese forces reported serious, but Japanese expect severe fighting. Japanese staff officer stated, "Chinese troops fight best when they are surrounded." Another Japanese officer, Gen. Tan Takahashi, attributed Japanese success in cutting Lunghai Railway to "Act of God." Still another officer said: "Several Chinese Divisions have no field guns; average is about 12 field guns to a Division." **Reuters'** correspondent gave graphic description of scenes of destruction at various points on Nanking-Shanghai Railway and on southern sector of Tientsin-Pukow Railway.

May 21.—Severe fighting, including exchange of artillery fire, taking place at Sienchengkiao, small port on Yangtsze about 25 miles from Woosung, according to reports brought to Shanghai by foreign travellers. Artillery and machine-gun fire also heard in Shanghai, coming from southwest, indicating that there was considerable guerilla activity in that direction.

May 21.—Chinese air raid on Japan Proper on May 20 officially admitted in Tokyo. Tokyo **Nichi-Nichi** reported that mysterious plane appeared over Kumamoto prefecture in Kyushiu at 4 a.m. on May 20 and dropped anti-war handbills and pamphlets. Chinese reports from Hankow stated that Chinese planes which raided Japan on May 20 were two giant monoplanes, twin-engined bombers of the Martin (American) type.

Japanese Embassy spokesman still insists that reports of Chinese air raid on Japan were groundless; later army spokesman admitted such a raid "may have been carried out."

May 21.—Printing offices of **The Morning Leader**, British registered Chinese language daily, located at 130 Ningpo Road, Shanghai, bombed; four persons wounded, three men and one woman.

May 21.—Oxford University to confer degree of Doctor of Civil Laws on Quo Tai-chi, Chinese Ambassador to Great Britain, at its convocation on June 22, according to London dispatch.

Paris Deputies Form Franco-Chinese Friendship Group

Members of the French Chamber of Deputies to the number of 118, voted on June 10 to form a Franco-Chinese group, according to a *Havas* report from Paris. The group met under the chairmanship of M. Archinbaud and listened to addresses by Pierre Seize, special delegate of the International Peace Campaign and correspondent for *Paris Soir*, and H. J. Timperley of the *Manchester Guardian*. A telegram was also read from Oseng Yang-fu, Mayor of Canton describ ng the horror of the Japanese bombardment of that city. A resolution was adopted protesting against the savagery of the bombings and an appeal was made to the Japanese to cease the attacks. It also was decided to appeal to President Albert Lebrun of France and to all mayors of French cities to join in the appeal to Japan.

A committee was formed composed of M. Archimbaud, President; Marius Moutet, former Minister of Colonies; M. Scapini, M. Francois de Tessan, former Under-Secretary of Foreign Affairs; Gabriel Peri, and M. Bossoutrot, Secretary; Rene Richard, Assistant-Secretary.

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Yangchow	*Kien-ou*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

A Chinese Talks Things Over With Japan

BY HU CHANG

WELL, my Japanese neighbors, it's about time you awakened to some very pertinent facts. Now, isn't it so that your militarists deceived you with propaganda that with the occupation of Manchuria, each of you would no longer worry over personal economics, and that prosperity would be "just around the corner?" But, what have you gained materially after seven years of occupation? Instead of profiting from the seizure of a large area of territory from your neighbors, you have further increased your already unbearable burden, though many militarists and capitalists have immensely enriched themselves. In order to prevent uprisings on the part of our oppressed brethren, your militarists have had to continuously station a large number of troops in Manchuria. Who will bear this huge expenditure? Neither your militarists nor your capitalists. Prior to September 18, 1931, your financial condition was already deplorable. The majority of your peasants had to sell their daughters to houses of ill-fame in order to subsist and many students of both sexes had to sell their own blood in order to continue their studies.

Before Manchuria was wrested from us, your militarists told you repeatedly that Manchuria is your life line, meaning that once you possess it both your national defense is strengthened and your livelihood problem is solved. But unfortunately, the occupation of Manchuria has caused your militarists to carry your life line farther beyond the Great Wall. Incidents therefore were created so as to justify military operations or expeditions, as your militarists call it. Hence the Lukouchiao incident of July 8, 1937. Being aware of the strength of our military force, we knew very well it was too suicidal to provoke an incident which might eventually bring about war. Despite the fact that we had made every possible endeavour and exercised our utmost forbearance to localize the incident, your militarists proceeded with their plan of aggression as they had mapped out. For the sake or self-existence we were driven to a war of resistance, though we know very well that your armament is by far superior to ours.

THE BEAST AND THE PROCUPINE

From Marianne, Paris

The Beast:—"Can you imagine this animal defending itself, when I attacked it?"

Before embarking upon their present adventure your militarists thought that a force of 300,000 would be sufficient to reduce our country to a colony in a period of three months. Nearly 11 months have already elapsed since the commencement of resistance. Despite the fact that your troops have occupied a large area of our territory and numerous cities and towns, your militarists have in no way attained their aim. On the contrary, their aggression and atrocities have intensified our will to resist and firmly consolidated our unity which has not been achieved since the establishment of our Republic.

Man-Power is Limitless

During the past ten months your troops may have from time to time defeated our armed brethren here and there, or driven them out of this or that city or annihilated them in large numbers, but our man-power is limitless, considering our population of 450,000,000. In one front we may lose 100,000 men and we can replace them very easily with another 100.000 or 200,000 men who are even better trained and equipped. In your case the loss of 100,000 men would be a serious matter.

In waging a protracted war, both man-power and the continued supply of munitions are most essential. The final victory or defeat depends to a large extent upon these two factors. You will admit that our man-power is limitless but you may doubt the endurance of our munitions in view of the fact that we have had no big arsenals to turn out arms, and that all munitions are imported from abroad. You may also have thought that blockade of our sea coast by your navy and the incessant bombings of the Canton-Kowloon and Canton-Hankow Railways by your planes have practically cut off our supplies of munitions. It is an open secret that despite all this, abundant supplies of munitions are daily pouring into our various fronts. I am most confident that your government has forbidden the publication of the report that 60% of the munitions purchased by our Government in recent months, were impored from Germany and 25% from Italy. You will be surely disappointed to hear that even your Fascist allies have betrayed your militarists and supplied our armed brethren with arms in order to fight your forces. There are many routes other than Hongkong whereby munitions purchased from foreign countries can be transported to our fronts. When your two Fascist allies supply our defenders with arms there is no question about Soviet Russia, England or France whose interests in this country as well as in the Far East would be jeopardized should this country be unfortunately conquered by your militarists. With limitless man-power and continued supplies of munitions, you may well imagine how effectively we can prosecute a protracted war of resistance.

It must be well known to your militarists that our natural resources are abundant. The blockade of our sea coast by your fleets has not in the least adversely affected the livelihood of our people. On the contrary it has stopped or at least reduced the outflow of our capital. A hundred years ago we could subsist on native goods and so we can do today. Rice and wheat, the two staple foods of our people, are grown everywhere. Fish, meats, eggs, chickens, fruits and vegetables are abundant and cheap. Except in areas occupied by your barbarous troops who have shamelessly stained your Emperor, all our people have from the very beginning kept calm and exercised forbearance in regard to their national crisis.

Don't Be Elated by Temporary Successes!

Your militarists must have fooled you with the report that since your troops have already occupied Hsuchow, the junction of Tsinpu and Lunghai railways, the Chinese army has been completely annihilated or has lost their fighting spirit. I must remind you that this is far from the actual fact. It is not that our troops were bottled up in Hsuchow but that our troops voluntarily retreated from Hsuchow, according to a pre-arranged plan, in order to avoid unnecessary sacrifice. To us, this is a war of attrition and the occupation of a city or cities is insignificant. We have attained our aim so long as your militarists have paid a high price for every inch of territory. Inasmuch as our troops cannot be completely annihilated or destroyed and replacement is possible, we are determined to resist to the bitter end. Your troops may occupy Hankow or Canton in the course of time but you will see that they will encounter a resistance that is more stiff and stubborn each time. The *London Times* has stated that the present situation is comparable to that of the British armies in France in the later stages of the Hundred-Years' War, in the 14th and 15th centuries. For a long time superior armament, discipline and leadership gave the Islanders great advantages and startling victories. The superior number of the French, however, and the growth of national spirit prevented the victories from proving decisive. Ultimately, the French, having learned to fight from the invaders, drove them from all of France, except Calais.

The movements of your mechanized units depend completely upon the continued supplies of munitions and oils. In the absence of these supplies not only the efficiency of these units will be entirely lost, but they will also become a burden themselves. The farther your troops push into the interior of our country, the longer the lines of their communications extend. Unless they can station a large number of troops here and there along these lines permanently, their supplies may be destroyed at any point by our mobile units that lie in ambush. Such occurrences are frequent in Shansi and along the Pin-han Railway. When their supplies are cut off, they will be at the mercy of our troops.

It is certain that many of your soldiers must have wondered why they are fighting their neighbors of the same race and culture and why they are sacrificing their lives. They must have also realized that the existence of their country or their own livelihood had not been menaced by their peace-loving neighbors. If they fight, they are fighting a friendly neighbor against their will; if they don't, they are disloyal to their Emperor. Furthermore even after the final victory, neither they nor their sons will enjoy the fruits of conquest. Consequently, it is no wonder that many suicides have recently occurred among the rank and file of your army who are fighting your friendly and peace-loving neighbors, amply indicating the deterioration of their morale.

Enhancement of Morale of Chinese Army

Since we are fighting for the sake of self-existence, independence, freedom and territorial and administrative integrity, our defenders must sacrifice their lives in order that their country may not be overrun, their property may not be destroyed, their sons may not be enslaved and their daughters and wives may not be assaulted. It is to be admitted that on account of inexperience in modern warfare because of inferior armament

and equipment, they have in the first stage of war sustained minor adverses, but having learned of fight from their invaders their morale has been greatly enhanced and their resistance grows. It is probable or possible that more territories may be lost, but the price which has to be paid by your militarists will prove fatal to them in the long run. Owing to lack of sufficient planes and heavy guns our defenders may be defeated but cannot be annihilated. They will fight their invaders anywhere and everywhere uutil they have ultimately worn them out.

Since the outbreak of hostilities, your planes have from time to time raided our defenseless open cities at the rear and dropped tons of explosives, each time in flagrant violation of international law, with the result that many educational institutions and non-military establishments were destroyed and thousands of thousands of innocent civilians were killed and wounded. Despite severe world moral condemnation, your militarists have shown no repentance. You may have been shocked by the unexpected visit of our planes to your cities of Nagasaki, Kobe, in the early morning of May 19. After the departure of our planes from your city, you must have thanked God for your safety and have wondered why *only handbills* were released from the visiting planes but no destructive bombs were dropped as your planes have done in our country. It is quite possible for our planes to drop heavy bombs your country and kill your civilians, but for the sake of humanity we have refrained from doing so, which amply manifests our superior civilization. Nevertheless if your militarists still cannot repent and continue to bomb our defenseless open cities and deliberatelty destroy our educational institutions and non-military establishments, we cannot but adopt measures to bring your militarists to their senses. Considering the nature of your buildings and the centralization of industry in your cities, you may well imagine how destructive an incendiary bomb will be to you! Furthermore, we may raid your imperial palace, as your planes have done to our Central Government.

Sunken Chinese Ships to Be Refloated

Ships sunk by the Chinese to make booms in the Yangtsze River and the Tsingtao harbor will be refloated under the supervision of the Japan Iron Manufacturing Company, it was announced June 11. After studying a report brought to Tokyo by Jiro Arashiro, director of the company, following a four weeks' inspection tour along the Yangtsze and at Tsingtao, officials decided to entrust the refloation work to the Japan Salvage Company. According to the report submitted by Arashiro, 53 ships are at the bottom of the Yangtsze and Whangpoo Rivers and eight are sunk in Tsingtao harbor. The salvage firm plans to raise 30 vessels in the Yangtsze and all those sunk at Tsingtao. Efforts to refloat ships of the Nisshin Kisen Kaisha sunk by the Chinese in the Whangpoo also will be continued by the Japanese Salvage Company. Some of the vessels not badly damaged will be returned to service while others will be disposed of as scrap.

Major Nathan to Raise New Capital for Kailan Mining Company

Major E. J. Nathan, chief engineer of Kailan Mining Administration, has gone to England for the purpose of raising £1,960,000 additional capital for the company, in order to increase the production of coal to be sold in Japan. According to a report in the *Hsin Min Pao*, official newspaper in Peiping, the increase in capital was made necessary as a result of a deal arranged in Tokyo by Major Nathan whereby Kailan will greatly increase its production in order to sell large quantities of coal to Japanese industrialists. It was stated that a new company will be formed, containing majority Japanese representation, which will have charge of sales of coal to Japan and in Japanese occupied areas in North China.

New Editors Appointed for The Chinese Recorder

The Rev. F. R. Millican and John S. Barr have been appointed editors of *The Chinese Recorder* in succession to the late Dr. Frank Rawlinson, who was killed at the time of the bombing at the corner of Yu Ya-Ching and Ave. Edward VII last August. Messrs. Millican and Barr will serve as joint editors for a period of one year. Rev. Millican is a member of the Christian Literature Society and American Presbyterian Mission while Mr. Barr is connected with London Mission and Medhurst College. The *Chinese Recorder*, organ of missionary activities, is the oldest English language publication in the Far East.

No Vacation for Japanese Students

The spirit of national mobilization pervaded the educational field in Japan this week as 346 agricultural and horticultural school, throughout the country decided to cancel summer vacations this year. This decision was reached at a conference of principals of the schools held at the Ministry of Education building. A proposal to dispense with vacations was made by Masahide Yamamoto, principal of the Tokyo Prefectural Horticultural School. The usual period for summer holidays will be utilized for special training of students from the middle of July to the end of August.

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Canton Bombing Gives New Impetus to Japan Boycott

WHEN Japanese naval planes dropped their first load of bombs on Canton, the reverberations were heard around the world.

It was the first time the press and bodies of public opinion had been goaded into a concerted expression of horror over Japan's acts in China since the Nipponese captured Nanking. Horror quickly crystallized into scathing denunciation, and with it a mounting new wave of anti-Japanism. After the press in America had had its say, Secretary of State Cordell Hull said on June 11 that the American government would exert its moral influence to discourage the sale to Japan of planes which could be used to bomb civilian, indicating the the move was a direct result of the slaughter of non-combatants in Canton.

Hull said that in the past week the Government had communicated to manufacturers its disapproval of the export of planes for bombing purposes. Asked whether the State Department was considering any practical step in connection with civilian bombings in Spain and China, Hull said the Government's position was well known as it had repeatedly condemned such acts. Since the law now enforces an embargo on the sale of planes to either the Republicans or Nationalists in Spain, Hull's statement was considered aimed directly at Japan although he did not mention it by name. Diplomats in the Capital regarded the action of the secretary of state as a specific answer to the criticism of groups both at home and abroad that the United States had not acted practically to prevent civilian bombings although it had verbally denounced them. On June 15, the Senate discussed the resolution presented June 14 by Democrat Key Pittman of Nevada, Chairman of the Foreign Affairs Committee, who sought approval of Hull's statement condemning aerial bombardents of civilian populations, and who asked an inquiry into the situation with the object of determining eventual action to be taken by Congress to bring to an end such attacks.

Because of the existing embargo on shipments to Spain, the only remaining step needed to detach the United States from even indirect responsibility for the bombings in China was to check the export of planes to Japan. American law allows the complete embargo of shipments of planes to Japan but this would necessitate application of the full Neutrality Law on both Japan and China, a move which Government officials have long desired to avoid. Hull, therefore, apparently decided that the use of moral pressure on exporters was the best means to restrain them. Some questioned whether exporters would fully comply but others recalled that when Hull and the president exerted similar pressure on exporters early in the Spanish crisis before the Spanish embargo was put into effect, most exporters compiled.

Technical Advisers for China?

Official sources said in Washington that the United States had not formally offered technical assistance to China but intimated that possibly military officers had individually advised the Chinese how they might obtain technical advisers from America without contradicting the neutrality policy. An embassy spokesman said he had no knowledge of any preparations of the United States to send experts to China although he understood that some individuals had gone in a private capacity. He haid nothing had been arranged through the Embassy.

The *New York Yimes* commented thusly on Hull's statement: "The measures taken with a view to discouraging the sale of aircraft are due to the embarrassment caused the government by the continued export of bombers to Japan despite declarations from the State Department deploring aerial bombardments. This appears to be all that can be done for the moment without enforcing the Neutrality Law against Japan and China. And the Law would bring with it many complications and would affect China more than it would Japan. In the case of the non-application of the Law, special legislation would be necessary to decide on an embargo prohibiting the despatch of arms to Japan',' the newspaper declared.

The *Times* stressed that Hull made it obvious that if sales to Japan do not diminish, he would again point out the dissatisfaction of the Government.

What had particularly aroused the state department was the bombing on June 8 of the American-owned Lingnan University. Japanese planes dropped three bombs on the campus, killing a Chinese workman and wounding three others. Thirty-two Americans, three Britons and one German reside on the university grounds. The university is under lease to China and was flying a Chinese flag at the time of the bombing. Japanese authorities, however, had previously been instructed concerning the ownership and position of the property and American authorities had taken precautions to see that the premises were not employed for military purposes.

Regarding Lingnan, *Domei* reported that it was formerly the Canton Christian College, and that today it is a "Chinese institution, although most of the plant was built with American capital. Its board of regents is composed principally of Chinese. The Kwangtung Provincial government in 1921," *Domei* said, "spent $300,000 to establish a college of agriculture and has been granting an annual subsidy to the institution."

Lone Champion of Japan

The condemnation of Japan's bombing of civilian population centers in Canton was universal, with one possible exception. The sole champion so far to come to light, of Japan's act was the *Shanghai Evening Post & Mercury* whose columns gave space to an article by Mr. H. G. W. Woodhead, c.b.e. Mr. Woodhead distinguished himself by pointing out that the bombings were justifiable under international law. It seemed, saccording to the titled Britisher, it was very confusing to differentiate between civilian population centers and non-civilian population centers. But other news commentators thought differently.

"There is now scarcely any pretence," said the London *News-Chronicle*, that" these murderous onslaughts have any other object than sheer, naked terrorism. The imbecility of the Japanese plan of campaign of continued and intensified iar raids," it adds, "is almost as patent as its brutality."

SUPER-SANDWICH MAN

SHAME ON YOU QUARRELSOME NATIONS! WAR MUST STOP!
FOR SALE NEW SUPER WAR PLANES DROP IN ON YOUR NEIGHBORS WITH AN AMERICAN BOMBER

The Arizona Republic

The Japanese, the *News-Chronicle* added, have invaded China ostensibly to put an end to the anti-Japanese propaganda there. Is it possible to conceive any anti-Japanese propaganda more effective than these Canton massacres? The effect on world opinion must be not less unfavorable to Japan."

Referring to the bombings, the *Daily Mail* drew a moral: The need for increasing Great Britain's aerial defences.

Declaring that civilized people are "horrified by the bestial bombing of unarmed civilians at Canton," the London *Daily Herald* said that diplomatic protests alone are useless. The men and women of Great Britain, it suggested, should demand that the Government British show condemnation of Japan by a guaranteed loan to China. Such a loan would provide the Chinese with funds to buy the necessary material to defend their cities against air attacks.

"Plans for such a loan," the *Daily Herald* noted "already exist. They are at this moment under consideration by the Foreign Office and the Treasury. There must be no further delay. Public opinion must force the Government to sanction it immediately. The men and women of Great Britain," the *Daily Herald* added, "can also play a direct part in influencing Japan by a intensification of the boycott against Japanese goods."

The Paris Communist organ, *L'Humanite*, said that diplomatic protests are useless and ridiculous . . . . "One must collar the Nipponese aggressor by boycotting him and one must assist China by giving her means of fighting Japan . . . . All this must be done very quickly." The *New York Times* remarked: "Such expressions of horror are certainly sufficient to cause all civilized governments to unite in the name of humanity and for the security of their own towns with a view to preventing indiscriminate bombings in future. The British suggestion that the United States and neutral Powers send observers to investigate bombings in Spain seems useless unless the plan is extended to China. What is needed is a firm initiative by the United States, Great Britain, and France, and even other countries, so that a general plan may be realized with a view

Charged P. I. Commonwealth Head Has Created Dictatorship

Thomas O'Malley, who was the author of the original Philippine Independence Bill, charged on June 7, according to a report by *United Press*, that Manual Quezon, President of the Philippine Commonwealth, has created a dictatorship. Mr. O'Malley, who favors immediate independence, said that President Quezon was using dictatorial methods to suppress discontented tenants on the large plantations who have tried to hold lawful meetings of protest against maltreatment of large landlords. O'Malley demanded that tha U. S. Congress adopt measures to halt Quezon's "autocratic

NOT SO ANXIOUS TO LEAVE NOW!

Kansas City Star

and dictatorial methods. He also charged that large sums are being spent in Washington to delay consideration of the bill to grant immediate independence. He also charged that the pension granted to Gen. Emilio Aguinaldo had been reduced because of the insurrecto leader's advocacy of immediate independence.

President Roosevelt, on June 9, approved an increased appropriation of U.S.$181,930 for the use of the High Commissioner, Paul V. McNutt.

The State Department has agreed to grant formal, but provvisional recognition, of the appointment of Hireku Iwanaga as new Japanese Consul at Davao, Island of Mindanao, Philippines. Davao is the center of the so-called Japanese "colony" in the Philippines, regarding which there has been serious controversy for several years. Recently the Manila newspapers charged that Japanese ronin and other members of the Davao settlement were being trained to assist a possible Japanese naval landing expedition in the event of a Japanese attack on the Islands.

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to preventing air raids on open cities wherever they be."

Indignation assumed other forms. Welsh miners urged a boycott against Japan, while in Holland, leaders of the Communist Party asked the premier to take the initiative in enlisting the cooperation of the United States and Great Britain to take measures regarding strategic raw materials, with the object of checking Japanese aggression. In Paris, the "Friends of the Chinese People" asked the League of Nations to take into consideration the protest addressed by the Chinese government against the horrors of air bombing.

That His Holiness the Pope should issue a statement condemning the indiscriminate Japanese air bombardments of Canton city, was requested by four public bodies at Hankow in a joint cable appeal to the Vatican. The message pointed out that the indiscriminate attacks on Canton, an open city, by Japanese aircraft resulted in the death of several thousand civilians and wounding of an even larger number. These air raids have not yet ceased, but are being intensified, the message said. In the name of justice and humanity, the message added, such indefensible attacks on civilian non-combattants should be expressly condemned by the Vatican.

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JAPANS ARMY IN THE OPIUM DEN BUSINESS

(*Continued from page 81*)

the police and customs' records of seizures, referred to in the foregoing.

"But there is another element in the situation which is of peculiar interest to the United States. While large quantities of opium and derivatives have been brought into Shanghai the opportunities for sales here are limited, in fact they are practically nil, due to three reasons: First, the evacuation of the elder members of wealthier classes from Shanghai and environs; second, disappearance of established dealers and break-up of smuggling organizations; third, knowledge of the people generally, that the Japanese are now the chief dealers, directly or indirectly in habit-forming drugs. The element in the situation of special interest in the United States is that the accumulation of opium and narcotic stocks here, and the development of Shanghai as a narcotic base similar to Manchukuo and Tientsin, constitute a distinct danger to the United States because of smuggling from this port to cities of the United States, particularly on the West Coast."

In commemoration of the Opium Suppression Day on June 3, the *Wen Hui Pao* in an editorial deeply deplored actions of the Japanese in poisoning the Chinese race by promoting opium smoking in the Japanese occupied areas in North and Central China. A comprehensive plan, the paper wrote, was introduced by the Chinese National Government in 1935 to stamp out completely the evil of opium smoking in the country within six years. With the exception of the four Northeastern Provinces, a few districts in East Hopei and part of the Tientsin city aunder Jpanese control, opium smoking was suppressed effectively by the authorities before the outbreak of hostilities last July. Unfortunately in the Japanese occupied areas both in North and Central China, opium, heroin and red pills have staged a comeback under the protection of Japanese artilleries and airplanes.

Japan's Three Weapons

To destroy China, the paper continued, Japan uses three weapons, namely, military force, economic force and poisonous drugs. Of those three weapons, the last is probably the most dangerous. At the Opium Conference held in Geneva in 1936 it was established by foreign investigations that North China was supplied with drugs from the Japanese Concession in Tientsin and Manchuria. Last spring a big opium transportation company was raided in Taiyuan and it was found that large quantities of opium and other narcotics were sent to China's Northwest from the Japanese Concession in Tientsin. In Hankow, the Japanese Concession there was the center of opium traffic.

After the fall of Peiping, opium dens were established there everywhere. Following their occupation of Tientsin, Japanese and Koreans opened opium dens in the city. In Shanghai, public sale of opium has been recently inaguurated. Gradually all the Japanese occupied areas will be overrun by opium dealers. This inhuman and immoral action of the Japanese to poison the Chinese people is deplored by all civilized and right-thinking peoples. the paper said. It must be noted that this policy will not weaken the Chinese force of resistance but will strengthen it. This action will stimulate the Chinese patriotic feeling and heighten their anti-Japanese work. The drugs may poison old and corrrupt Chinese but not China's youth, in whom lies the hope of a new China.

In Shanghai, the public sale of opium is alleged to have been started in the Pootung section by the puppet "Ta Tao Government." For each opium pipe, the puppets are said to be collecting $16, $14 or $12 monthly. Meanwhile, opium seizures continue. Last week French police searched the British steamer Taksang on a tip but failed to locate an opium cargo. The previous entry of the Taksang into this port gave police a $50,000 haul in raw opium. Officers of the Shanghai harbor police last week made a small seizure of opium on the No. 1 pontoon, Settlement Bund, and took one Chinese, the man who had the opium, into cusotdy. The The opium weighed approximately 10 pounds and was worth about $1,600. The stuff had been brought to Shanghai aboard a steamer from the south and the smuggler carried it ashore in his baggage.

More Seizures

Chiu Ah-san, a chauffeur who was allegedly found to have transported opium on June 6, was brought before the Second Special District Court June 8 on a writ of detention pending further investigations, in which the police may make more arrests. Chiu was arrested after he had stopped his car in front of the Chun Wai Bank Building, which is located on the Frnech side of Avenue Edward VII. A search of his car revealed that it contained 17 pounds of opium which were said to be worth several thousand dollars. Prior to Chiu's arrest the French police received information to the effect that some persons were engaged in a large-cale opium transportation and retailing business, having their head office in the above-mentioned bank building. An experience particularly disconcerting to the French authorities was the arrest by the river police of a Chinese constable of the French Police force with 18 pounds of raw opium at S.M.C. Bund Pontoon No. 1, near the war memorial, recently.

Chengchow Missionaries Marooned

Although believed to be in no danger owing to the withdrawal of the main body of the Chinese forces from Chengchow, a small party of foreigners, including several Britons, are reported to be marooned in the city due to the interruption of railway traffic between Chengchow and Hankow, it was reported June 11.

The party, according to the latest information available, includes:—

Two Englishmen, Mr. J. H. Mackay, of Arnhold & Co., and Dr. Donald Hankey, volunteer doctor attached to the Southern Baptist Mission Hospital in Chengchow. Two Canadians, the Misses Bessy and Pearl Reid, of Ontario. One New Zealander, Dr. B. R. Grey, of the New Zealand Red Cross. Four Americans, Miss Katie Murray, of North Carolina, and Miss Grace Stribling of South Carolina, both members of the Southern Baptist Mission; Miss Grace Hoover, of Lovington, Illinois, and Dr. S. E. Ayers, of Atlanta, Georgia.

There are also said to be about twelve Italian nationals remaining in the city. Since the last report came through from the city, the number of foreigners in Chengchow may have been increased by arrivals from Kaifeng and other points along the Lunghai Railway east of Chengchow.

Miss Wilkinson Still Missing

Acting upon the request of the New Zealand Government, the British Consulate-General in Hankow is endeavoring to trace the whereabouts of Miss Iris Wilkinson, the New Zealand writer, who has not been heard of for the past month. The Acting Consul-General, C. E. Whitemore, is getting into contact with Dr. Donald Hankey, at Chengchow, and several mission stations for information regarding the missing woman. No fresh news of Miss Wilkinson can be obtained in Hankow, where it is hoped that she found refuge with missionaries at Hsuchow, when that city was attacked by the Japanese.

Honan Missionaries Stay

A letter from a British missionary at Yenchang, on the Peiping-Hankow Railway, stated that the missionaries throughout Honan have decided to remain at their posts during the hostilities, since evacuation to Hongkong or Shanghai will mean too long an absence from their work.

Holding the distinction of being the first woman to return to Hangchow since its occupation by the Japanese last December, Mrs. Robert F. Fitch, accompanied by Dr. Robert F. Fitch and Dr. T. S. Goodwin, left for Hangchow last week.

Though she will not be the only foreign woman in Hangchow, since others connected with missions have remained at their posts throughout the hostilities and their aftermath, Mrs. Fitch will be the first foreign woman arrival there in nearly six months. She went there to examine the possibilities of industrial rehabilitation among the refugees, and to commence refugee work along the same lines as has been done in Shanghai. She is well acquainted with this work, being the chairman of the Shanghai International Red Cross Camps Activities Committee (industrial projects).

Yardley Blamed for Hoover Wreck

The late Captain George Yardley was blamed for the grounding of the President Hoover off Formosa last December in a report issued in Washington, June 8, by the Marine Investigation Board. The board also found several crewmen guilty of misconduct and meted out penalties to an officer and a seaman.

The grounding of the Dollar Company's Oriental liner was due to Captain Yardley's error in estimating the flow of the off shore current, the report said. Sixth assistant engineer John J. Terlin and ordinary seaman Spencer Smilie were found guilty of misconduct. The investigation Board also found approximately eight members of the crew, whose identities were unknown, and a small minority of passengers guilty of "reprehensible conduct . . . . . There is no doubt there were instances of looting of baggage on the part of some of the crews members."

The Board recommended that Terlin's license be suspended for six months and that Smilie's service certificate be suspended for thirty days. Third steward Jack McCartney was acquitted of charges of misconduct. Captain R. S. Field, Director of the Bureau of Marine Inspection of navigation, approved of all findings by the Board except he disagreed that the Master was entirely to blame for the errors of navigation.

Captain Yardley, veteran skipper of the Dollar Lines, died recently in California following a breakdown which was blamed on the grounding of the Hoover and successive events which resulted in much criticism.

Japanese Buy Hoover Wreck

Negotiations were reported to have been completed June 11 for the sale of the wreck of the Dollar liner President Hoover to a Japanese firm for scrap. The purchase price was said to be Yen 500,000. It is estimated that about 14,000 tons of scrap iron and steel will be obtained from the vessel, dismantling of which is expected to begin late this month. The 21,936-ton luxury ship went aground off a Formosan island last winter and has since been breaking up.

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Who's Who in China

張道行
Tao-shing Chang
(Chang Tao-hsing)

Tao-shing Chang, college instructor; born at Changshu, Kiangsu, 1907; attended colleges in China and in America; LL.B., National Central University, Nanking, 1930; M.A. Northwestern University, Illinois, 1932; Ph.D. State University of Iowa, 1934; member, Planning Committee, Organization Department of the Central Party Headquarters, Nanking, 1934-36; professor of International Law and Comparative Government, Central Political Institute, Nanking, 1935-37; author of "International Controversies Over Chinese Eastern Railway" (in English); and of "Political Structure of Japan" both published by the Commercial Press, Shanghai; address: Central Political Institute, Chihkiang, Hunan.

Japanese Women Donate Bed Clothing

About 250 women employed by the Shanghai Cotton Manufacturing Company in Yangtzepoo are donating bed clothing to wounded Japanese officers and men in hospitals. The women formed a society called the *Hakuyo Fujin Kai* (White Willow Women's Society) with Mrs. Kayoko Nohtomi as president to engage in patriotic activities.

Iron To Be Donated To Make Shells

A movement is under way throughout Japan to have Japanese households donate iron objects to the Government on July 7, the first anniversary of the beginning of the Sino-Japanese conflict. Party of the ironware will be melted as scrap and from it will be made shells to be used by Japanese troops in China. Household utensils also will be made from it.

Disposal of Corpses Here

Statistical information provided by the Public Health Department as to the numbers of corpses dealt with since the hostilities furnishes a clear index of the great amount of work which this activity, extraneous to its normal duties, has thrown on the staff of the Public Health Department. As regards corpses resultant from the hostilities, no hindrance was offered to the rapid disposal by the Department of 2,180 soldier corpses and 1,160 civilian corpses, which were collected by gangs and either cremated or buried in accordance with health necessities.

When, however, it came to dealing with the civilian corpses resulting from the normal death toll of a large city, considerable negotiation was necessary in order to overcome the natural reluctance of the population to any new made of disposal of their dead. Finally, it was arranged that unwanted and flimsy coffins should be cremated rather than buried within the Settlement area. Since February of this year the necessary permits were obtained for the cremation of 33,700 unclaimed corpses. The very heavy volume of work thrown upon the Public Health Department, in undertaking these measures, will better be appreciated when it is realized that these corpses had to be collected individually from all parts of the Settlement and in many cases were found imperfectly buried in hidden areas. In respect of the Eastern District alone, the removal of civilian corpses necessitated visits to 29,000 houses.

Sees China's Hopes in Guerillas

Social, political and economic forces, both in China and Japan, are strongly in favor of a major Chinese victory in the present stage of China's resistance against the invading Japanese, declared General Peng Teh-huai, second in command of the Eighth Route Army, in an article published in the *Hsin Hwa Jih Pao*. In analyzing the present war situation, General Peng calculated the Japanese would attempt to penetrate into Kiangsi province with Nanchang, the provjcial capital, as the main objective; to attack and capture the de facto capital of China in the Wuhan cities, and to drive further into the North-west to remove the constant threat to Japanese positions in the North.

Japan to Honor Dead

Posthumous honors will be conferred on about 2,000 Japanese Army privates and officers and 100 naval officers and men early in July by the Bureau of Decorations. The men were killed in action in China and comprise the second group to be so honored. Honors were conferred on a first group last April 23.

Men and Events

M. R. Nicholson has returned to Shanghai from a trip to Hongkong.

M. Marcus, Manager of Metro-Goldwyn-Mayer, departed this week on a business trip to Japan and North China.

H. E. Morriss, Chairman of the Board of the *North-China Daily News*, has departed on a trip to England.

Hallett Abend, head of the *New York Times* Bureau at Shanghai, went to Hongkong this week.

Pierre Dufour, chief editor of *Havas* News Agency, was married on June 2 to Miss Consuelo Tellez of Mexico.

J. V. Crowe, manager of Ford Motor Company, Exports, Inc., returned to Shanghai this week from a business trip to Hongkong.

The British light-4200-ton Cruiser Capetown, returned to Devonport, England on June 11, after two years service on the China station.

Capt. Roy R. Marken, recently appointed Chaplain of the U. S. Marine Corps at Shanghai, sailed from San Francisco on June 10.

The Sino-German Eurasia Aviation Company will shortly open a service between Hongkong and Yunnan, according to report from Hankow.

Luebbert's American Pharmacy on Nanking Road, which was sold sometime ago to N. Y. Chen, has again been sold to Mrs. Anna Hancock who will continue the business.

Col. M. D. Gambier Parry of the General Staff at the British War Office, has been appointed Commander of the Singapore Infantry Brigade, with the temporary rank of Brigadier.

Peter Fleming, special correspondent for *The London Times*, who recently returned to Shanghai from the Lung-Hai battle zone, departed this week on a trip to Tokyo.

Major and Mrs. N. E. Fiske arrived in Shanghai this week on their way home to Washington from Rome where Major Fiske has served, for the past three years as Assistant U. S. Military Attache.

Kurt von Steinitz, agent for Telefunken, German radio concern, arrived in Shanghai this week on a round-the-world trip. He is proceeding from Shanghai to Japan and then will travel to Mexico and South America.

Mrs. Edna Lee Booker-Potter, writer for *Cosmopolitan* and author of a book on China which is shortly to be published, has returned to Shanghai from a trip to Hongkong, Canton and Hankow.

Mrs. Marie C. J. Wood, said to have been a relative of the late Governor-General Leonard Wood of the Philippines, died in Shanghai on May 30. She is survived by a son James T. Wood, instructor at the University of California.

A large number of women of various nationalities in Shanghai participated on June 10 in the celebration of the 30th anniversary of the Shanghai Young Women's Christian Association. The ceremony was held at the headquarters, 999 Bubbling Well Road.

Wm. Kenneth Sharman, son of the late Mr. and Mrs. J. W. Sharman of South Wales, was married on June 11 to Miss Margaret Valerie Miller Robson, daughter of Mr. and Mrs. J. G. Robson also of South Wales. Both are members of the China Inland Mission.

The funeral of Mrs. C. S. Loo, well known Chinese woman in Shanghai, was held on June 2. The body will be transported later to Canton. Mrs. Loo's husband, who died several years ago was a well known Chinese official. Her death occurred on May 27 at the age of 75 years.

The Rockefeller Foundation, New York, has made a grant of U. S. $1,000,000 to the California Institute of Technology for use in research, "in the most vital of all fields, the biological improvement of the race, through an intensive attack on organic chemistry as related to life."

J. Hall Paxton, U. S. Consul at Nanking, who was aboard the U. S. S. Panay at the time of the Japanese bombing of the American naval vessel, has returned from home leave and will be stationed at the Consulate-General here. E. F. Stanton, consul, and Mrs. Stanton are departing for the United States shortly on leave.

Dr. James McClure Henry, Provost of Lingnan University, Canton and recently elected Governor of the South China Rotary Association, arrived in San Francisco on June 10 to attend the annual convention of Rotary clubs. Dr. Henry traveled to the United States on the Clipper plane.

The Sino-Soviet Cultural Association held its 18th meeting in Hankow on June 7. The meeting was presided over by Shao Li-tzu, former director of the Central Party Publicity Department. Mr. Shao is acting chairman of the Sino-Soviet organization in the absence of Sun Fo, Chairman. Among new members elected was Gen. Chen Ming-shu, former Chairman of Kwangtung.

Patrick O'Hara, representative in Japan for Liverpool and London Globe Insurance Co., was fined Yen 50 and released by the Japanese police at Yokohama on a charge of violating the espionage law. Mr. O'Hara had photographed some scenery in the Yokohama district. He was arrested on May 4 and held in jail until May 16, but was not definitely released by the police until June 8. While under detention, Mr. O'Hara's personal possessions were seized and all private and company correspondence inspected by the police authorities.

Major-General F. S. G. Piggott, C. B., D. A. O., British Military Attache in Tokyo, gave a dinner for Major-General Hata which was attended by 25 guests and a cocktail party to 100 guests, most of them Japanese military officers and diplomatic officials, prior to his departure for Tokyo last week.

Japanese authorities announced this week that telephone service between Shanghai and Nanking would be resumed by the end of August. The repair of the line is being made by the Azuma squad of the Special Service Section of the Japanese Army, according to the *Nippo*.

General Sir Arthur Grenfell Wauchope, who recently retired as High Commissioner and Commander-in-Chief of British forces in Palestine and High-Commissioner to Trans-Jordania, is now in Shanghai on holiday. He is the guest of Major-General A. P. D. Telfer-Smollett, Commander of the British troops in Shanghai.

Commencement exercises at the Shanghai American School were held on Thursday, June 16 at 5 p.m. at the school premises, 10 Avenue Petain. The program included presentation of the Senior Play, Orchestra Concert, Commencement Service and Exercises and a Reception by the Administration to Seniors and their parents.

According to a report in the *Ta Mei Wan Pao* (June 13) the Japanese arrested seven students at the Kuo Hwa Middle School on Gordon Road in the International Settlement. The students arrested ranged from 16 to 17 years of age. The Japanese alleged they found two pistols and a quantity of anti-Japanese literature in the dormitory.

A Chinese Mussulman mission, composed of four Chinese of the Mohammedan faith, is now in Baghdad. According to a *Havas* report on June 10 the purpose of the mission is to offset Japanese and Italian propaganda among the Mohammedans and arouse interest and sympathy for Chinese Mohammedans in the Arab-speaking world.

A. Bookless, for 28 years connected with the Chinese Salt Gabelle, departed this week for Scotland where he will reside in future. He was accompanied by Mrs. Bookless and they will join their son and two daughters who are now in Scotland. Mr. Bookless was stationed in Ningpo and in various cities of Manchuria and Szechuen and more recently at Nanchang.

C. J. Chancellor, general manager of *Reuters* in the Far East, and S. S. Moosa, head of the news department, departed on Monday of this week for Tokyo. Mr. Moosa will remain in Japan as manager of the service during the absence of M. J. Cox in England on home leave. K. Selby-Walker, who recently came to the Far East from the London office, will serve as chief of the news department here in the absence of Mr. Moosa.

The funeral of Capt. Percy Y. Angus, well known marine surveyor, who died on Sunday, June 5, was held at Bubbling Well Cemetery on June 7. The Very Rev. A. C. S. Trivett of the British Cathedral officiated. Capt. Angus is survived by Mrs. Angus and a niece. He was born at Newcastle-on-Tyne, May 18, 1881 and first served with the British India Company following which he joined Butterfield and Swire.

Yusuki Tsurumi, member of the Japanese Diet (Parliament) and of the Minseito Party, well known publicist, was sent to the United States on June 10 as a "good-will" envoy. Mr. Tsurumi will participate in a number of roundtable discussions with leading Americans in the hope of removing misunderstandings which have developed between Japan and United States. Mr. Tsurumi was given a farewell luncheon by the new Foreign Minister, Gen. Kazushige Ugaki.

Some 500 packing cases, supposed to contain £50,000 worth of anti-tank guns destined for China, were found to contain old boilers, bricks and stones, according to a report in the *London Daily Herald* on June 8. The worthless rubbish found in the cases was obtained from the wreckage of an old church in North London. The cases were consigned to Marseilles on the British steamer Merkland, but the fraud was discovered when the motor-driver informed the police. The Chinese Embassy was unaware of the fraud.

Federal Grand Jury at Los Angeles on June 1 indicated officers of the Van Camp Seafood Company on charges of obtaining licenses for Japanese fishing boats under dummy American registry of ownership. G. C. Van Camp, president of the company and Genkichi Koishi, Japanese alien, were charged with conspiracy to license Japanese-owned fishing craft falsely by making out an affidavit alleging American ownership. If guilty they are liable to a fine of U. S.$10,000 and a prison term of two years. Aside from violation of U. S. coastal regulations, the Government officials suspected the Japanese ships were also engaged in espionage activities.

Richard Archbold, explorer, connected with the American Museum of Natural History, who is flying to Netherlands New Guinea, reached Guam last week and expected to be in the Philippines shortly. He plans to devote two years to the collection of zoological specimens and expects to fly some 6,500 miles over heretofore uncharted air-routes. He is accompanied by a crew of five consisting of Russ. Rogers, pilot; Ray Booth, co-pilot; Gerald Brown, radio operator; Stephen Barrinka, mechanic; Capt. Lewis Yancey, navigator. The plane is of "Consolidated" type and cost U.S. $250,000. The party departed from San Diego, Cal., on June 2, flying along the route of the Trans-Pacific Clippers.

Wilbur Judd, executive secretary of the Navy Y.M.C.A. is recovering at the Country Hospital from a serious abdominal operation.

Chen Shen has been appointed Section Chief of the Ministry of Foreign Affairs at Hankow in succession to Lin Tung-shih, who has resigned.

Wang Yu-chun, member of the Yellow River Commission, has been appointed acting chairman in place of Kung Hsiang-yung, who has been transferred to another post.

Chen Chieh, Administrative Vice-Minister of Foreign Affairs, has been appointed Ambassador to Germany in place of Dr. Chen Tien-fang, who has resigned. T. K. Tseng has been appointed Vice-Minister of Foreign Affairs.

C. H. Lowe, director of publicity for China International Famine Relief Commission and secretary of the Shanghai International Red Cross Committee, departed this week for Hongkong. Mr. Lowe came to Shanghai in 1927 to accept a position as professor at Chih Tze University. Later he became industrial secretary of the Y.M.C.A. and opneed the center on Ferry Road. In 1934 he joined the International Famine Relief Commission.

Capt. Kenneth Hall Cornell of the U. S. Marine Corps, was granted a divorce in the U. S. Court for China from Mrs. Kathleen Cornell. Mrs. Cornell had obtained a divorce previously at Miami, Florida, but it was declared null and void by Judge Milton J. Helmick as Mrs. Cornell had originally filed a petition for divorce here but had left the jurisdiction. The divorce was therefore granted in favor of Capt. Cornell, who was represented by Leighton Shields, attorney.

There was a serious clash between Chinese soldiers and Kachin tribesmen of British Burma on June 10, according to a *Reuter* report from Rangoon, stating that one tribesman was killed. The trouble occurred when the tribesmen visited a bazaar in the Yunnan town of Kyanbungla and clashed with 74 Chinese soldiers, who took exception to the swords and guns of the Kachins. The Kachins then burned the Chinese barracks. The Chinese soldiers finally took refuge in a Chinese temple at Bhamo where they were guarded by the civil police.

Two Tibetans, Lobsang, aged 25 and Danzin aged 33, were sent to Peiping under escort of Yun Tsun Lama on June 8, following trial in the First District Court on a charge of stealing jewelry, gold bars and other treasures from the home of the late Panchen Lama, who died in west China recently while on his way to Lhasa, capital of Tibet. The men, who were retainers of the Lama, were arrested in Shanghai. The jewels, valued at more than $100,000 and $12,000 in cash, recovered by the police were turned over to the overseer. Gold bars which they stole from the Lama's strong box, apparently had been disposed of in North China.

Japanese to Return U. S. Property Here

Japanese The Government has decided to return to its owners the American property in Shanghai which was seized by Japanese forces following its occupation by Chinese troops during the hostilities there, a spokesman for the Foreign Office in Tokyo said on June 9. The spokesman said that with the outbreak of hostilities in Shanghai last summer Chinese armies occupied various establishments there and used them for military purposes. These included, he said, the Baptist Mission School, American property outside of Chapei, which was seized by Chinese troops in August, 1937. Following the occupation of the Shanghai area Japanese forces used the school building as a supply base but delivered it to the American authorities on June 1 in view of the fact that peace and order were returning to normal, the spokesman stated.

Another American property in Shanghai, the Shanghai University in Yangtzepoo, seized by Japanese forces, which now have decided to return it, the spokesman declared. The university building will be delivered to the American authorities within a month, the officer said.

Madame Chiang Addresses Chinese Women Leaders

Madame Chiang Kai-shek brought together on May 20 fifty prominent leaders in women's work throughout China for a five-day conference concerning the nfe and work of women during the war. Dr. Wu I-fang, president of Ginling College, the celebrated American educational institution in Nanking, was vice-chairman of the meeting. From the conference was expected a definite program for the strengthening of the women's part in the resistance against the invaders, and the improvement of women's life generally in China. Her talk largely concerned the New Life Movement.

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New Books of Interest in the Far East

Business Man's View of China

China Hand, by James Lafayette Hutchison, Lothrop, Lee & Shepard, New York, 1936. U.S.$3.50.

Without benefit of literary flourish former B.A.T. man Hutchison brings us through the China scene as a business man saw it from 1912 to 1917 and from 1929 to 1933. His story is the familiar one that few others have had the energy to put into book form, and thus CHINA HAND will appeal most to those whose experiences have been roughly parallel. Such readers may see again the events, the places, and the figures they themselves have knownin the past 25 years.

As a record in history the book, written by a youth fresh from the U.S., carries one through the early days in Peking under Yuan Shi K'ai, down into the desperate poverty and decay of Shansi, to commercial Tientsin, into rapidly developing Manchuria, back to noisy, raucous Shanghai, and so on "home" after 1932. Only by this time the author is no longer the "griffin"; he is too discontented with the changing times to see through the eyes of wonder starved youth.

Six main interests seem to have excited Mr. Hutchison's attention during his life in China; constantly he jumps from one to the other as on a six-key piano, so that the whole yarn is geared to the limitations of his range. These half-dozen interests are:

(*a*) the sex life of the foreigner in the Orient;

(*b*) a mysterious yearning for the decaying gilt of Peking —the new name, Peiping, "seemed an insult of youth to a glorious personality grown old and left without resistance";

(*c*) the eternal peace of the desperately poor interior where the tobacco business carried the author despite the evils that flesh in China is heir to;

(*d*) the horrible jazz madness of the U.S. and Shanghai since the War;

(*e*) the dreary picture for business in Manchuria with the regime of young Chang and the efficient and far-sighted Japanese;

(*f*) some harsh and mournful words for the Kuomintang and its vulgar habit of painting blue sayings from Dr. Sun on white walls even in the ex-Forbidden City itself.

Perhaps because advertising was the author's specially did he find the defaced walls so nauseating, for he writes: "Progress —of a kind, yes—but did those writings carry a stronger appeal, a more progressive appeal, to the best instincts of humanity for a good government and a good life, than did the sayings of Confucius and Lao Tze? Were they better adapted in a practical way to a nation of craftsmen and farmers? After all, what was progress?"

When the China Hand confines himself to simple description rather than to philosophy he is more effective, possibly because the reader does not expect so much. The accounts of poverty-stricken generations of Shansi farmers goaded into banditry, of foreigners "bewaunked" by the conditions of a strange culture that seemed to charm them snake-like away from their own moorings, the misery of the white Russians in the north eager to do anything to get to Shanghai—these are bits that the reader will remember, these are things that the author puts across without venting too much of his constant dissatisfaction with most of the aspects of life.

Again, it is in coming from the famine-stricken "way back yonder" into a world whose headlines scream World War that the author makes a real point and a worthwhile one. In the face of wholesale murder on scientific principles he is struck with something less than admiration for the "hell of a mess called civilization." Conscious of the death and hardship behind him, known only to a few missionaries and foreigners working in the midst of it, Mr. Hutchison drives home to us that "such happenings were too far removed from the world of the outsider to interest him. Therefore, they were not news."

Turning to the style of the book one is struck by the author's lack of self-consciousness, for he put down what *he* has seen and what *he* has felt. He is not trying to picture a China that did not exist for him. Thus, in a sense, the volume can be looked on as a part of the record of West meets East, for someday the complete story of the foreign business man in China will be told in terms other than statistics. It is a personal record such as this that will give some clue to the reactions of a China Hand.

T. H.

European Crisis

Europe in Crisis, by Vera Micheles Dean. Foreign Policy Association, New York City. 25 cents.

This is the first of a series of pamphlets designed to analyze international problems affecting the United States. Miss Dean presents a carefully made analysis of the political and trade conditions in Europe during 1937. The problems faced and met by the dictatorships in Germany and Italy are noted, and an interpretation of the Soviet trials is made.

The recovery in Britain, the French "Paruse," progress in Belgium and Czechoslovakia at the crossroads are discussed, as are such things as the fiction of non-intervention in Spain, and Italy's advance in the Mediterranean.

Europe's two axes: Britain-France and Germany-Italy, with the leanings of other countries toward each, are clearly set forth. The struggle between the haves and the have-nots, thinks Miss Dean, will eventually make Americans decide on a stand on European affairs, much as they wish not to, which is bound to leave an indelible imprint on America's history. This pamphlet is one all students in international relations should read and digest.

M. V.

New Pamphlets

The following pamphlets have been received:—

"The War in Spain," by Charles A. Thomson, published by Foreign Policy Association, N. Y.

In French—

"L'Aggression Japonaise et la Conference a Bruxelles"
"Japanese Aggression and the Nine Power Conference" I.
"Japanese Aggression and the League of Nations" I.
"L'Aggression Japonaise et la Societe des Nations" II.
"La Chine, Le Japon et les Puissances"
"The Conflict in the Far East"
"La Chine Le Japon et la Paix Mondiale."

Whangpoo River Pilots Want Higher Tariff

Demands for a new tariff rate for Whangpoo River pilotage service have been made on local and foreign shipowners by the Shanghai Pilots' Association, *The China Press* reported June 11, and it is understood that failing a satisfactory reply, members of the association were to meet some time this week to discuss an offer from Japanese interests to buy over the whole assets of the association.

"Shanghai's pilotage rates are way below those of any other port of its size," a leading foreign river pilot said. "They were only half the rates charged in most large American ports even before the exchange started slipping, and today they are but a quarter. The Shanghai pilotage service was built up by individual effort and private investment; every member of the association has sunk a small fortune into the group, which has provided the river with two of the best equipped pilot cutters this side of Suez, and it can only be expected that they want to draw at least a living wage from not only their investment, but their labor also. The pilotage rate for the Whangpoo River at present is only Mex. $11.50 per foot, a rate which is less than half of the rate charged on but one section of the Thames. With the drop in exchange and the huge decrease in shipping, the Pilots' Association is faced this year with a loss. We have taken our grievance before the Harbor Board, which consists of Consular, Shipowners and Pilotage representatives, but no effort has been made to solve the situation. Two meetings were held without result, despite urgent pressure brought to bear by the Pilots' Association, and it became obvious early this month that if we were to obtain any satisfaction on our demands, we would have to approach the shipowners directly.

"This we did recently and again last week, and every leading shipping representative in Shanghai was made acquainted with our position. The facts were put plainly before them: that unless the association was granted rates sufficient to pay for the upkeep of the two cutters necessary to the service, and still leave a margin for the salary of pilots, the service would be compelled to consider an offer made by Japanese interests to take over the assets of the association. The association has expressly conveyed to the shipowners its unwillingness to sell out to Japanese interests a service which has taken years of unselfish efforts to build up, and this opinion also has been given to the Harbor Board. It is impossible, however, to carry on in the present circumstances, and we are compelled to seek a settlement with the owners. Great dissatisfaction at prevailing pilotage rates has been manifested since early this year. An American naval commander stated that in all his experience, the Whangpoo pilot service was "the most magnificent" with which he had met. A spokesman for the association later said the statements in the *China Press* report were unauthorized, and that the association had no intentions of selling out to the Japanese.

Kiangwan Track Reported Sold to Japanese

The Kiangwan Race Course, measuring about 200 mow in area, was sold to the Japanese military authorities at a cost of $800,000 by British interests, according to Chinese reports. It is reported that the race course will be turned into an airdrome by the Japanese.

Japan Has Adverse Trade Balance

Japan's foreign trade in the first ten days of this month has resulted in an adverse balance of Yen 30,519,000, with imports reaching Yen 98,532,000 and exports totalling Yen 68,013,000.

Japanese Take Steps to Prevent Spread of Cholera Here

Further measures to combat the spread of cholera in Shanghai were discussed June 12 by leading officials of the Japanese community in a meeting at the Japanese Club, according to local Japanese newspapers. Japanese officials are concerned over the possibility that if cholera broke out in Hongkew a necessary quarantine of the district affecting Japanese army and navy forces would constitute not only a serious inconvenience to the forces but a barrier to the rehabilitation of the Japanese community. It was pointed out that since the formation of the Shanghai Temporary Anti-Epidemic Committee composed of Japanese army, navy and civic authorities about 170 cases of cholera have broken out in Shanghai since its first appearance on May 20, and that about 200 new cases of typhoid fever are being reported every week. None of these cases occurred in Hongkew.

The meeting was attended by Surgeon Major-General Hidehiro Sasai, of the Japanese Expeditionary Force in Central China; Surgeon Captain Rokuro Takata, of the Japanese China Sea Fleet; the staff of the Federation of Shanghai Japanese Street Unions; Masusaburo Amano, President of the Japanese Residents' Corporation; Yutaka Tingu, President of the Japanese Physicians' Association, and Eimatsu Shirakami, Chief of the Japanese Consular Police Station. Surgeon Major-General Sasai admonished the staff of the Federation of Street Unions to leave nothing undone to keep cholera out of the Japanese community, and called their attention to the fact that Japanese residents here are coping with the problem before the eyes of various nations in this international city. Observance of the following anti-cholera measures was urged: inoculations of all residents of the community, sterilization of vegetables, fruit and other edibles in households, thorough sanitation in residences, extermination of flies, disinfection and personal cleanliness.

Travellers Need Certificates

Persons intending to proceed to Japan, Dairen and to Tientsin June 11 were advised by the Japanese Embassy in Shanghai to provide themselves with cholera inoculation certificates in order to prevent unnecessary delays at ports of entry. Following the designation of Shanghai as an infected port by the Dairen and the Tientsin harbour authorities, the Nisshin Kisen Kaisha and the Dairen Kisen Kaisha have decided to refuse passage to persons not possessing an inoculation certificate, a Japanese Embassy spokesman announced.

Travel Regulations in North China Explained

Foreigners bound for the Tientsin area will experience no difficulties on their arrival at the northern city if they are armed with passports and other necessary documents, a spokesman for the Japanese Consulate-General here has explained. On reaching Tientsin, foreign travellers undergo passport examinations and questioning at police offices established at the East Railway Station and the Dairen Kisen Kaisha Wharf. Trains leaving Tientsin are also "patrolled" by examiners, mostly White Russians, who re-examine the passports and question the travellers on their position and destination, the spokesman said.

It is erroneous to say, he declared, that the Japanese authorities are directly controlling the travel of foreigners in the area. Foreigners desirous of travelling to or in the Tientsin district were advised by the spokesman to consult the passport office of the Consulate-General here before their departure. It is reported, although not confirmed, that all travelers are required to obtain Japanese visas for traveling in North China.

Sinking of Gunboat by Plane Denied

Chinese claims of the sinking of a Japanese gunboat on the Yangtsze by a Chinese airman, who had made a "suicide dive" with a full load of bombs on the vessel, were denied here this week by a naval spokesman. "There has not been a Japanese warship hit by Chinese bombs since the hostilities began," the officer declared. "When warships are not hit, they cannot sink."

Consternation!

Two acquaintances met in the street. "I've been in a terrible state of consternation for the past three days!" said the one.

"Have you ever tried bran?" asked the other.

We don't know anything about the value of bran as a corrective of 'consternation,' but we do know that as a remedy for constipation Pinkettes are unsurpassed. Gently but surely Pinkettes clear the congested intestinal tract, stimulate sluggish liver, dispel biliousness, sick headache, nausea, purify the breath, brighten the eye, relieve piles. In short, Pinkettes keep you in fine fettle. At all chemists.

In the United States Court for China

In re.	Cause No. 4317
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MARY B. HOY	NOTICE
Deceased	

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Mary B. Hoy, deceased, to present the same with vouchers to the undersigned on or before December 18th, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Gertrude B. Hoy—Executrix
c/o Ziemer Memorial Girls' School
Yochow, Hunan.

May 23, 1938.
Shanghai, China.

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Bombings Believed Work of Pro-Japan Group

SUNDAY, June 12, Shanghai experienced one of its most hectic evenings since the termination of hostilities here last winter. Bomb-throwers went on a rampage, the targets being, as the usually well-informed *Shanghai Times* on Japanese affairs was the first to note, three local radio stations. Municipal police this week were working on the theory that the five hand-grenades thrown over a wide area within a period of two and one-half hours were the work of a pro-Japanese group. Others saw no room for another plausible theory. Logical theories have been put forward in all cases except that of the last incident, the explosion of 9.42 p.m. on Szechuen Road, just north of Nanking Road, which terminated the terrorists' activities for the night.

During the past two months the Shanghai Municipal Police, aided by patrols of Seaforth Highlanders, have taken every possible precaution against the occurrence of just such incidents. Three-fourths of the personnel has been thrown into this precautionary work in the form of detective parties, reserve units, house to house searches, etc. So intent have the heads of the police force been in leaving no stone unturned to curb terrorist activity that, in some cases, it is admitted that routine work has been more or less neglected. From time to time, these precautionary measures may be intensified, but it is impossible to put the men on an intensified daily schedule.

June 12th bombings, it is felt, prove beyond all doubt of the existence of a terrorist faction or factions of decidedly pro-Japanese sentiments. Just who comprise these factions is not definitely known. It would be illogical, even absurd, police feel to assume that the explosions were caused by armed robbers with an eye to profit, or by a pro-Chinese group. The first incident of the evening, the bombing of the Chinese Native Products Company at 349 Nanking Road which lightly wounded two civilians, occurred at 7.16 p.m. Later it was learned that the store last month received a threatening letter, demanding that it discontinue to display the Chinese National colors. The police were not notified.

Compliments Said Sarcastic

Next in line was the American-owned broadcasting studio XMHA at 7.29 p.m. One Chinese watchman was wounded lightly here. Daily, XMHA broadcasts news items of the *Shanghai Evening Post and Mercury*. On Fridays, the studio releases the weekly news broadcast of the *China Weekly Review*. Following the broadcast of Friday, June 3, the commentator of the *China Weekly Review* broadcast received telephone calls from several Japanese. They complimented him on his fearless interpretation of the China situation, and especially praised that part of his broadcast which dealt with the Japanese Army. While this commentator is convinced that these compliments were paid in good faith, police expressed doubt as to their sincerity, and seemed inclined to believe that they were blandly sarcastic, the *China Press* reported.

One minute after this bombing a hand-grenade exploded in Welcome Terrace, 1729 Avenue Road, near Jessfield Road. The missile injured no one. Two houses away from where the projectile exploded is the residentce of Herbert Moy, American-Chinese proprietor of Station XMHC. This residence is believed to have been the target, and it is presumed that the bomb-throwers did not know that the studio of this station is located in Shanghai's central district. Following a respite of an hour and 45 minutes, terrorists again made their appearance, this time in the crowded Louza sector of the city. At 9.15 a hand-grenade was thrown into an alley on Ningpo Road, near the Strand Theater, which is located immediately behind the Sun Sun Department Store. The missile failed to explode. In the immediate vicinity are the studios of the Hwa Tung Radio Station.

Final Bombing Puzzling

But Police are still puzzling over the possible target on Szechuen Road at 9.42 p.m. Here the bomb exploded practically in the middle of the street, wounding one of three Japanese who were in the vicinity in the left ankle, and damaging the display windows of Fit-U-Well Tailors, at 427 Szechuen Road, and also the former offices of the China Travel Service on the opposite side of the street. The three Japanese turned and ran, but were arrested by a Chinese constable at the intersection of Nanking and Szechuen Roads. The three men were taken to the Central Station for questioning, and were proved to be employees of the Mitsui Bussan Kaisha. In all five cases, the hand-grenades were identical, being of the potato-masher type. Police have not completely discarded the black limousine theory, for in four of the cases it is alleged that a dark-colored automobile was seen at the time of the explosions. However, it is still impossible to obtain eye-witness accounts. At the time of most of the bombings, a heavy rain was falling, and the streets, especially in the downtown sector, were practically deserted.

Chinese Editor Attacked

An attempt on the life of Yui Ta-yung, editor of the Crystal, popular Chinese tabloid newspaper, failed June 11 because an assassins' gun jammed after the first shot had been fired. Badly frightened, the editor dashed inside a tea hong to escape further bullets and in his haste, crashed into a large table and knocked himself out. Shortly before he reached the front entrance of the place, a man wearing black coat and black trousers appeared and, producing a gun, opened fire on the editor. The first shot missed its intended victim and then the gun jammed. Both the would-be killer and Yui took to their heels. The latter disappeared down the street and up an alley. Yui dashed into the tea hong, crashed into the table and lapsed into a state of semi-coma.

Wanted to Kill Traitors

Tseu Ying, 32, arrested during the shooting affray on the Bund June 10 in which an attempt was made to slay Yu Chueh-shen, local cotton mill manager, told investigators the next day that he had come from Hankow for the express purpose of killing traitors to the cause of the Chinese Government. Yu was to have been his first victim. He declared that he didn't know exactly why the cotton-mill manager had been selected but that he understood it was because he had dealings with the Japanese.

The occasion for Tseu's recitation about his part in the affair was the inquests held at the Public Mortuary over the bodies of Maxim Kazpovich Karpov, 36, Yu's Russian bodyguard, and Tai Tze-yue, 21, one of the assassin gang. The latter, it was revealed during the inquest, died of five bullet wounds, all of which were fired from the gun of a Japanese constable of the S.M.P.

Assassination Attempt Fails

Another attempted assassination of an alleged pro-Japanese Chinese, June 11, met with failure when the terrorist, after firing two shots at his intended victim, fled before making sure whether or not he had fatally wounded him. His victim, Ya Yu-yoong, is in the employ of the Reformed Government of China, and is in charge of the office in the New Asia Hotel.

Anti-Japanese Leaders Said Here

Leaders of various anti-Japanese groups met here in a secret three-day conference last week to discuss the renewal of anti-Japanese activities, the *Shanghai Nippo* reported this week. The meetings, the daily said, were held in the International Settlement. Representatives of guerilla units operating in the vicinity of Shanghai reportedly attended. The holding of the conference, the daily pointed out, coincided with the reported arrival here of Tsai Ching-chun, former Director of the Shanghai City' Government's Police Bureau. The latter, the *Nippo* reported, arrived here recently from Hankow with three followers to reorganize anti-Japanese terrorist groups and agitators in the Settlement and the French Concession.

Funds for the revival of anti-Japanese activities in and near Shanghai, the daily asserted, are being raised by Yen Fu-ching, younger brother of Dr. W. W. Yen, former Chinese Ambassador to Moscow. Yen was said to be making frequent trips between here and Hongkong, soliciting contributions from rich Chinese. The flow of funds, however, is not being considered satisfactory, the *Nippo* said, since the money collected amounts to only $5 for every terrorist in town. Tsai was also said to be very actively seeking funds from wealthy Chinese in Shanghai.

Why Thousands Of People Are Ill With Malaria.

In many parts of the East as well as in other parts of the world one of the greatest menaces to health is malaria. This disease has its origin in the blood of the victim into which are introduced parasites through the bite of an infected mosquito. Much has been done to fight this fever-spreading germ, but the task is a tremendous one for it has been estimated that the offspring of one female mosquito may run into millions.

The malarial parasite in the blood destroys the haemoglobin, which conveys the life-giving oxygen from the lungs and nutriment from the digestive organs to every cell in the body.

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Other health troubles which have their origin in a weak, depleted state of the blood such as digestive disorders, nerve weakness, rheumatism, pains in the back and limbs, loss of energy and physical strength, as well as the aches and pains peculiar to women, usually quickly respond to treatment with Dr. Williams' Pink Pills. It is well worth your while to take a course of this world-renowned tonic remedy, if you are not feeling as well as you would wish. All chemists can supply you.

WILL YOU HELP?

From the time of its inauguration last October to May 14 this year, the Shanghai International Red Cross has, among other things, allocated and spent $1,253,906.04 for the caring of refugees; $190,866.43 for medical supplies; $173,585.21 for work among wounded soldiers and $22,500 for relief work in Nanking. Though these are large sums, they have merely met the needs of a portion of the huge population made penniless by the war.

The funds of the Shanghai International Red Cross are about exhausted. Unless further donations are secured from friends here and abroad, the S.I.R.C. will soon find it impossible to continue its work.

Unless you help, the refugees will very soon face starvation. Please sign your name below and send your donation today.

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To The Shanghai International Red Cross
505 Honan Road
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Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check, or postal money order, for dollars..... as my donation to the Shanghai International Red Cross.

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What is the extent of China's war damage? The March 19 issue of **The Review** contained a 32 page supplement devoted entirely to the matter of losses caused by Japan's "undeclared" war in China—Industrial, Commercial, Residential; Chinese Colleges and Universities; Civic and Cultural Structures; Christian Educational Centers; Mission and Religious Buildings; Scrap-Iron and Machinery Thefts; Foreign Commerce throttled!

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